

AMERICAN GAS ASSOCIATION

# Monthly

MARCH  
1953



**These Famous Restaurants  
Confirm the Fact,  
"Where Food is Finest  
It's Cooked  
with**

**GAS**

In every city and town, on every highway and byway, the restaurants which serve most of America's famous food are equipped with GAS appliances for roasting, baking, broiling, frying, and other types of food preparation.

There are many reasons for this preference and it's important to note that GAS is the fuel chosen by diners and drive-ins, as well as by great hotels and famous restaurants—proof enough that Gas Cooking Equipment is a good investment for any type of establishment.

But GAS serves *all industry* in addition to the food service establishments. Its economic importance is best judged by the heavy demands for GAS in the metals industry, the ceramic industry, the chemical industry, and everywhere else that you find heat processing operations.

Only the productive flames of GAS can do so many things so well whether as a fuel, a component in heat processing, a catalyst, or a conditioning atmosphere.



**AMERICAN GAS ASSOCIATION — 20 Lexington Avenue, New York 17, N.Y.**



*The following restaurants, rated by HOLIDAY Magazine as among the best in the United States and among the greatest in the world, were selected for HOLIDAY'S Award for Dining Distinction.*

Keeler's, Albany, New York  
Hackney's, Atlantic City  
Miller Brothers, Baltimore  
Locke-Ober Cafe, Boston  
Gage & Tollner, Brooklyn  
Imperial House, Chicago  
Pump Room, Chicago  
Sirloin Room, Stock Yard Inn, Chicago  
Gourmet Restaurant, Terrace Plaza Hotel, Cincinnati  
Hugo's, Cohasset, Massachusetts  
The Maramor Restaurant, Columbus, Ohio  
Arthur's, Dallas  
Buckhorn Pioneer Lodge, Denver  
Beau Sejour, Bethpage, Long Island  
Mont D'or, Smithtown, Long Island  
Blue Spruce Inn, Roslyn, Long Island  
Chasen's, Los Angeles  
Perion's, Los Angeles  
Romanoff's, Los Angeles  
Schuler's, Marshall, Michigan  
Weidmann's, Meridian, Mississippi  
Karl Ratzsch's, Milwaukee  
Charlie's Cafe Exceptionale, Minneapolis  
Antoine's, New Orleans  
Galatoire's, New Orleans  
Commander's Palace, New Orleans  
Owen Brennan's French & Creole Restaurant, New Orleans  
Christ Cella, New York City  
Chateaubriand, New York City  
The Colony, New York City  
Baroque, New York City  
Gloucester House, New York City  
Le Pavillon, New York City  
Robert's, New York City  
San Marino, New York City  
Jack and Charlie's "21", New York City  
Old Original Bookbinder's, Philadelphia  
La Louisiane, San Antonio, Texas  
Amelio's, San Francisco  
Bradelli's, San Francisco  
Jack's Restaurant, San Francisco  
Omar Khayyam's, San Francisco  
Trader Vic's, San Francisco  
Ruggeri's, St. Louis  
The Rose and Crown, St. Louis  
The Krebs, Skaneateles, New York  
The Wayside Inn, South Sudbury, Massachusetts  
Hall's Restaurant, Washington, D. C.  
Occidental Restaurant, Washington, D. C.



The A. G. A. Hollywood Bureau cooperates to make gas kitchen settings available for TV and other film productions. A story of this activity appears on page 11

**W**ITH the opening of the first Transmission and Storage Conference, the end of April, A. G. A. reaches another milestone in its growing value to members.

While assuming many of the functions of the spring meetings of the former Natural Gas Department, this conference is intended to permit more detailed consideration of industry problems in producing, transmitting and storing natural gas. It will be especially devoted to the exploration and solution of the daily, shirt-sleeves problems of the gas man in the field and along the pipeline. A well-rounded agenda has been planned, including formal papers as well as informal discussions on matters of industry-wide importance.

The inauguration of the conference is one of the initial results of the reorganization of A. G. A.—and a natural outcome of the growing emphasis upon natural gas.

The Transmission and Storage Conference is an A. G. A. activity that promises to grow in importance, while providing a national forum for working out problems of the natural gas industry.

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Leaders and recorders of the six discussion groups were, seated, left to right, Mrs. Helen Nichols, Mrs. Ellen Bridges, coordinator, Mrs. Mary Louise Bohn and Mrs. Mary Hall, with Home Service Committee Chairman Julia Hunter; standing are Sue Herndon, Gertrude Berg, Mrs. Laura Piegras, Merrill Midyett, Kathryn Heffernan, Mrs. Eleanor Wiese, Irene Muntz, Wanda Ewing, Elizabeth Lynahan



Home service projects were detailed by Mildred Endner ("A Three-Way Plan"), Mrs. Helen Mandigo ("Dealer Breakfasts"), Mary Huck ("A Package of Ideas"), Flora Dowler ("Visual Cast Program on Safety Methods"), Sallie Dannenberg ("House Economics Careers"), Katherine Rathbone ("Utilize—Then Capitalize") and Lolita Harper ("Super-Sales-Floor Promotions")



At the head table of a luncheon were R. R. Suttle and Mrs. Mary Westmoreland, Dallas; Don Davidson, St. Joseph; Connie Baughman, Dallas; Cecil Webb, Tulsa; Mrs. Winnell Simmons, Houston; D. A. Hulcy and Chairman Julia Hunter, Dallas; F. C. Smith, A. G. A. president and featured speaker, Houston; Mildred Clark, Tulsa; L. T. Potter, Mrs. Gussia Lee Fuller and L. C. Roberts, Dallas; and Jessie McQueen, A. G. A.



Monday luncheon head table, seated, C. H. Zachary, Dallas; Flora Dowler, Pittsburgh; C. L. May, Dallas; Mildred Clark, Tulsa; Paul Davis, Oklahoma City; Julia Hunter, Dallas; R. J. Vandagriff, St. Louis; Vivian Marshall, New Orleans; J. H. Wimberley, Houston; Barbara Sampson, N. Y. Standing, Don Mayne, Dallas; Eleanor Morrison, Grand Rapids; R. R. Suttle and W. F. Wright, Dallas; J. McQueen, AGA; Wayne Boyce, Dallas



# Workshop studies sales cooperation



Among speakers at the three-day workshop were H. Vinton Potter, A. G. A., Mrs. Elyse Van Dyke, Birmingham; Ruth Soule, Brooklyn; Don Davidson, Joseph; Eleanor Morrison, Grand Rapids; and M. H. North, Tulsa.



Canadian home service girls Joan Venini, Calgary, Alberta, and Marjorie Chandler, Toronto, Ont., are shown Dallas by Presidents D. A. Hulcy, Lone Star Gas Co., and Frank C. Smith, Houston Natural Gas Corp. and A. G. A.

Home Service Cooperates in the Dealer Program" was the theme of the A. G. A. Home Service Workshop held in Dallas, Texas, February 2-4. Julia Hunter, home service director of the Lone Star Gas Co., presided as chairman of the A. G. A. Home Service Committee. Thirty states were represented plus two participants from Canada. Meetings were held at the Baker Hotel and in the auditorium of the Lone Star Gas Company. Training in home service, observation of sales floor demonstrations, accounts of successful home service promotions, participation in discussion groups and the display of latest in equipment news stamped the Workshop as truly a working training course for home service.

A Dallas welcome to the more than 250 in attendance was given by Chester L. May, vice-president, Lone Star Gas Co., who said it was "almost a sure sign of poor operation on the part of a company if it didn't have a vigorous and well-staffed home service organization." He emphasized the need of going beyond the mere sale of gas appliances to assist the customer in securing the greatest efficiency from that equipment.

"By giving dealers assistance in promoting this customer satisfaction with the gas burning product," Mr. May continued, "utility companies can further meet competition in the present-day market. Success can be expected when the maximum number of people are squarely behind an effective advertising and promotion program. When a maximum number of employees are participating in your program and a maximum number of dealers and their salesmen are actively behind you, then you will have a maximum number of satisfied customers also on your side."

With the subject, "Operation Teamwork," Frank C. Smith, president, Houston Natural Gas Corp., and president, American Gas Association, in a concluding session of the Workshop, reviewed gas industry progress and pointed up squarely the need in the gas industry to meet the somewhat adverse trend in relation to sales of equipment. "Where the trend is adverse," Mr. Smith said, "there the gas utility has either failed to accept or has failed to fulfill its responsibility for gas appliance sales leadership."

Mr. Smith described the board program being directed by the Executive Board of the American Gas Association as it relates to appliance sales, appliance servicing, appliance de-

● A well rounded program of vital and timely subjects make worksh



Mrs. Christabel Grauer, Hollywood, and Mrs. Kathryn Davis, Los Angeles, re-enact the demonstration the former's company stages for dealer salesmen. (See Mrs. Grauer's explanation, page 20.) In the center picture, B. Lawson Miller, Evansville, Ind. and Harriett Pruitt, Dallas, demonstrate "Extra Dividends from a Servel Refrigerator-Home Freezer"



velopment and utilization research, as well as to public and customer safety and public relations. "It is the framework of a united industry using every resource not only to defend and maintain our markets but to take the offensive and aggressively seek all the business wherein we may serve the public better than any other."

Mr. Smith described home service as "an indispensable part of the team of promotion and sales and public relations—nearer to the point-of-sale than any other except the salesman himself, and nearer to his customer thereafter. The added impetus to be given to the gas industry by the united program of the industry cannot reach its highest degree of impact and usefulness without your help."

"The Dealer's Viewpoint" was presented by Paul Davis, vice-president and general manager, Dulaney's Appliance Distributors, Oklahoma City. "Dealer criticism of home service is negligible and in the minority as compared to their praise." In outlining his suggestions to meet the criticism of the minority, he called the appliance business the most highly competitive in existence.

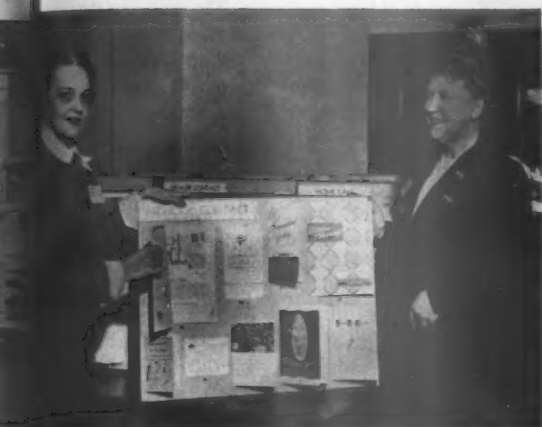
"Dealers respect superior selling and to gain full confidence, the approach to them must be better than average; it must be a positive approach in meeting competition. The most universal complaint at the dealer level is that home service representatives frequently talk too much about food and too little about the appliance." Paraphrasing the Chinese proverb, Mr. Davis said, "One demonstration is worth 10,000 pictures," and in presentation to a dealers' customer group, "demonstrate every point possible. Be dramatic in your presentation; use conversation as little as possible and demonstration as much as possible."

Mr. Davis continued that the most important power of contact is learning to like people. "Your job in contacting dealers and sales people will be much easier and more pleasant if you genuinely like each one of them. If you don't like them, get better acquainted and learn to like them; common interests—fishing, football or the opera—or an interest in someone near and dear to them will usually pave the way for a better understanding with anyone. Such an approach will pay dividends out of all proportion."

## Workshop a realistic training and refresher course for home service



The members of the group at the far left—Frieda Barth, Detroit, Mrs. Winnell Simmons, Houston, Lucy Slagle, Atlanta, Mrs. Gussie Lee Fuller, coordinator, Dallas, Mrs. Hilda Meriwether, Montgomery, Pat Hendrick, Tulsa, and Eleanor Dunn, Waco—led the six continuous and simultaneous floor demonstrations (next two scenes) that were a popular Tuesday morning feature of the Workshop



M. H. North, advertising and sales promotion director, was aided by Home Service Directors Mrs. Marilyn Lucas, Mrs. Ruby Skinner, Peggy King, Laverne Best. All are of Oklahoma Natural Gas Co.

In charge of the elaborate exhibit of home service material that they collected from companies around the country, were Home Service Directors Kathryn Barnes and Flora Dowler of Pittsburgh

Still another speaker on the first day's program was R. J. Vandagriff, general sales manager, Laclede Gas Co., St. Louis. As chairman, A. G. A. Residential Gas Section, he outlined the long range planning and promotion program of the section to coordinate sales and promotional activities of gas utilities, appliance dealers and manufacturers, and pointed up ways in which home service could supplement the program particularly at the customer level.

"Do You Measure Up in Dealer Cooperation" was presented by Julia Hunter, chairman, A. G. A. Home Service Committee, in opening the Workshop program. Miss Hunter presented a set of 20 questions in which participants could score five for each "yes" answer. She said, "If your score is 100, you measure up. If less, why not start an improvement campaign on your dealer program." Among the 20 questions were: "Are you thoroughly familiar with your company's plans and policies for dealer assistance;" "Do you know your dealers, their names, their store names, the appliances they sell;" "Do you know the gas story well enough to sell not only the dealer's customer but the dealer

himself on the superiority of the fuel."

The Lone Star Gas Co. auditorium appeared as a dealer store at one time of the Workshop when a two-hour period was given over to six continuous and simultaneous floor demonstrations by: Frieda Barth, Michigan Consolidated Gas Co.; Mrs. Hilda Meriwether, Alabama Gas Corp.; Mrs. Winnell Simmons, Houston Natural Gas Corp.; Lucy Slagle, Atlanta Gas Light Co.; Pat Hendrick, Oklahoma Natural Gas Co. and Eleanor Dunn, Lone Star Gas Company. The discussion coordinator was Mrs. Gussie Lee Fuller of the Lone Star Gas Co., Dallas.

Four of the demonstrations were of ranges, one of a combination range and gas refrigerator, and the sixth of a laundry presentation in which the Houston Natural Gas Corp. pantomimed laundry methods—with a dryer versus the problems of line drying—all complete to the point of showers appearing at the crucial time.

Supplementing the continuous floor demonstrations was an opportunity to view an extensive exhibit of home serv-

*(Continued on page 38)*



# "Matchless" campaign pays off



By **FRANK H. TREMBLY, Jr.**  
*Director of Sales, Philadelphia Gas  
 Works Division of The United Gas  
 Improvement Company*

The "Matchless" gas range campaign by the Philadelphia Gas Works in the fall of 1952 paid real dividends in terms of actual installations, as well as further dealer and public acceptance of modern gas ranges. Six major gas range manufacturers cooperated with PGW in a broad-based three month campaign—September-October-November—in which a majority of Philadelphia appliance dealers participated.

Participating in this campaign were manufacturers of Caloric, Magic Chef, Maytag, Roper, Tappan and Universal brand ranges. Additional manufacturers have signified their intention of becoming active in subsequent campaigns. All "CP" range manufacturers have been invited to participate.

The "Matchless" gas range is recognized as one meeting "CP" standards and equipped with gas flash-tube oven and broiler ignition. The experience of the Philadelphia Gas Works with over 5,000 of such ranges now on its lines indicates that this ignition system is entirely satisfactory, with service experience somewhat better than that obtained with multiple point ignition gas ranges. The identifying theme, "Matchless," was used in all advertising and promotion. Supplementary themes were: "Super-Automatic;" "Matchless in Performance-in Operation-in Value;" "Costs Least to Buy, to Install, to Operate;" "Outperforms any range at any price in any kitchen;" "No Matches-No Buttons-No Gadgets-No Waste Heat."

Extensive use was made by manufacturers, distributors, dealers and PGW of all local advertising media—daily and weekly newspapers; billboards; bill enclosures; truck posters; car cards; radio; TV; cooking schools; display windows; and interior display materials.

A total of 68,659 lines of daily newspaper advertising was used during the campaign and 22,660 lines were inserted in weekly newspapers. Television was used three times weekly. "Matchless" ranges were featured at 107 cooking schools held during the campaign, at which 17,437 women attended.

During the fall of 1952 there were 767 appliance dealers in Philadelphia and of these, 533 were franchised by the participating manufacturers. During the campaign they displayed 461 "Matchless" ranges. Approximately one-half of the franchised dealers had "Matchless" window displays during the campaign, and a considerable number had the

ranges connected on their sales floors.

The basic intent of the campaign was to gain acceptance of the "Matchless" gas range as an ultra-modern, desirable, high-performance cooking appliance, that surpassed in performance all other ranges. It was to instill in the public's mind, and dealers' as well, the recognition that modern "Matchless" gas ranges have glamour, that they excel in performance and represent the latest achievement in cooking appliances.

While 95 percent of domestic cooking is done with gas in Philadelphia, with approximately 660,000 gas ranges currently in service, it was considered necessary to improve the quality of the ranges used and to increase the replacement rate. An extensive customer survey made in the summer of 1952 showed that 72 percent of the gas ranges in service had top burner lighting, oven heat control and insulation, but that nearly 60 percent were older than 6 years. The intent of the "Matchless" program was to strengthen the entire gas range situation in Philadelphia by obtaining dealer and customer acceptance of the fully automatic gas range, and through the attendant promotion, to accelerate the replacement of old ranges.

A range promotional program of this type, based on recommended manufacturers' retail prices, with no recommended trade-ins or price concessions, provides full dealer profit and increases the quality of ranges sold, as well as the average selling price for the dealer. Such a program has no bad after effects from a price standpoint, as the public is not misled as to the true price of the range. Dealers welcome this type of program and maximum dealer participation was obtained.

The program provided the opportunity for educating dealers and their selling personnel in the basic advantages of gas for cooking. Classes were held at which dealers personally cooked on modern gas ranges and participated in gas-versus-competitive-fuel demonstrations. The superior speed and controllability of modern gas ranges were demonstrated.

The results of the campaign were fully up to expectations, and demonstrated again that an aggressive all-inclusive selling program will pay real dividends in terms of installations. During the three month period, a total of 2,695 "Matchless" ranges were delivered, of which 777 or 28 percent were utility sales, with the remainder of 1,918 sold  
*(Continued on page 42)*



*East Ohio uses its meter reader books as the basis of thorough periodic inspection of appliances and meters*

## Apply the preventive "ounce"

By KENNETH WOOD

*Assistant Superintendent  
Cleveland Plant  
The East Ohio Gas Company*

The "meter reader inspection plan," conducted by The East Ohio Gas Co., detects faulty customer gas conditions while they can still be cured, and before they become more serious.

So called because the regular meter reader books are used by the special inspectors for checking each meter, the program is a result of developments and refinements of a plan instituted in the early 1900's. Originally the main objective was only to inspect company property, in order to make sure that gas service lines, curb boxes and meter installations were installed in a safe manner. In 1944 the inspection plan was broadened to include a more thorough inspection of the gas house lines and the manner in which certain appliances are connected to the gas piping system. In 1948 it was decided to broaden the scope of the inspection to promote safer installations of gas appliances on the customer's premises. Now every gas meter and the appliances on each premises are inspected at least once every two years.

This type of inspection is made for the purpose of maintaining and improving the condition of the company's property and to help promote safe and satisfactory results from both the company property and the customer's gas piping and appliances. It has always been felt that if such a program could accomplish results toward this goal it would be well

worthwhile, as the prevention of accidents which might occur from unsafe installations would do more to promote good public relations and instill greater confidence in the use of gas than almost any other effort.

The East Ohio Gas Co. has 30 special inspectors to cover its 650,000 meters. Thirteen of these inspectors work in the Cleveland Division which has 386,000 meters installed. The inspectors are usually former meter readers who have had special training in this type of work. They must have considerable training on gas appliances as well as a thorough knowledge of proper installation of service lines, meter manifolds and house lines. Before 1944 each meter reading book was divided into two parts and each part was given to one of these special meter reader inspectors for his day's assignment. This division allowed the inspector more time than would the regular meter reader have for reading the meter.

### Combine for economy

In 1948 when the scope of the inspection program was further broadened it was felt that the inspector needed even more time to do a thorough job and at that time the regular meter reading books were divided in most cases in four parts. The special inspectors read meters on the regular reading date and at the same time make their inspection. In this way part of the inspector costs are charged off to regular meter reading.

The company feels it is very important for the inspector to make the proper initial approach to each customer and therefore emphasis is placed on courtesy, tact,

diplomacy and good appearance. The inspector is required in each case to advise the customer "who he is" and to explain that he is not only reading the meter, but is also making an inspection of the gas meter and the other gas facilities in the home. If this introduction were not made many customers would become suspicious as to why he was spending so much time in the basement. Another advantage of advising the customer of the purpose of the visit is that the customer will have the opportunity to raise any questions concerning the utilization of gas.

After properly gaining entrance to the meter location, the inspector first reads the gas meter and makes the entry in the regular meter reading book. At this point he is able to check the condition of the meter and the meter number and compare the number with the record in the route book. He is also able to compare the gas consumption with that of previous months; this comparison can give him a clew of anything which might be wrong as reflected by an abnormally low or abnormally high gas consumption. The inspector is required to determine why consumption may be abnormally low or high. If it is on the low side he is required to make a low fire test to determine if the meter is registering properly. If the reading is abnormally high, of course he is interested in the possibility of gas leakage in the house line or appliances. The inspector is not required, in every case, to make a test on the house lines. However, such an abnormally high reading or a report from the consumer of "possible leakage" must be checked by making a meter dial test on the house line. Over a

# GAS INDUSTRY ACHIEVEMENT AWARDS FOR 1953

- The outstanding contributions of individuals and companies to the advancement of various branches of the gas industry during 1952 will again be honored by A. G. A. awards. Deadlines for mailing of entries range from July 31 to September 1, 1953.

## A.G.A. DISTINGUISHED SERVICE AWARD

*Presented to the individual who has made the most outstanding contribution toward the advancement of the gas industry.*

*The award consists of an engraved certificate and a substantial sum of money.*

*Applications must be postmarked not later than August 1, 1953.*

## A.G.A. MERITORIOUS SERVICE AWARD

*Made in recognition of heroic action in the saving of life or property, in the plant or works of any gas undertaking or connected with the handling or distribution of the products of the industry, during the period of July 1, 1952 to June 30, 1953. The winner must have shown conspicuous judgment, intelligence or bravery in his heroic act.*

*The award consists of a gold medal, button and certificate.*

*Entries must be prepared on a form provided by A. G. A. and be postmarked not later than August 1, 1953.*

## BEAL MEDAL

*This highest technical recognition in the industry is awarded to the sole author of the best technical paper presented at a meeting of the Association or printed during the Association year.*

*The award includes a bronze medal and a sum of money.*

## A.G.A. DISTRIBUTION ACHIEVEMENT AWARD

*Presented to the individual who has made an outstanding contribution to the science and art of gas distribution during the year beginning May 31, 1952 and ending May 31, 1953, or for an outstanding contribution which has gained*

*acceptance during the five years preceding May 31, 1953. Such contribution might consist of a plan, design, program or any other act which adds to the safety, economy or service of a distribution system, but shall not consist solely of the delivery of a report or paper.*

*The award consists of an engraved certificate, a suitable memento and a substantial sum of money.*

*To be eligible for consideration, nominations must be received at A. G. A. Headquarters by May 31, 1953.*

## A.G.A. HOME SERVICE ACHIEVEMENT AWARD

*Outstanding advancement of modern homemaking through promotion of interest in and better use of gas and modern gas equipment in the home, is recognized by the multiple award by McCall's Magazine to directors of home service departments. There are three divisions:*

*1. To the head of the home service department in companies where the entire home service personnel totals more than five individuals, who in the opinion of the jury of awards, carried out a program during the year ending July 31, 1953, in the area served by the company or office, which made the greatest contribution in general department organization and over-all program; 2. To the head of the home service department in companies having one, but not more than five, home service representatives, as above; 3. Three awards to individual members or a department head in the home service department of three different companies whose individual ideas make the greatest contribution to advancement of modern homemaking through use of modern gas equipment.*

*Each of the five awards consists of a bronze plaque and \$200.*

*Entries are to be postmarked not later than July 31, 1953.*

ing structure. In this connection he reports such things as damaged meters, meters which are badly rusted, meters which are not set level and poor meter location, such as under stairways, in store show windows, in tight closets and other bad locations. The inspector is also looking for any irregularities concerning idle meters which may not be properly sealed and he is also continuously on guard for any possible bypasses which may have been installed around the meter.

After a thorough inspection around the meter location he is next required to inspect all portions of the service line which might be within the building and also checks closely around the wall where the service enters through the building. Here he is looking for such things as cement broken in the wall around the service entrance, badly rusted service pipe and any service lines which are extended for some distance through the building. Extended service lines in the building sometimes become quite a problem, but after these are discovered the company's service department makes every effort to correct the condition so that the meter is located at a point immediately adjacent to where the service line first enters the building.

The next job of the inspector is to trace the house lines from the meter to all the basement appliances and in doing this he is making a visual inspection of the condition of the house lines. Any house lines which may be poorly supported or badly rusted will be reported to the consumer and steps must be taken to correct such conditions. He is also looking for cases where house lines may have been run through cold air returns or warm air furnace ducts and if such installations are found the customer is advised to make corrections. In multiple housing units, such as apartment buildings, the company requires that all house lines be properly identified with the suite numbers. It is one of the duties of the inspectors to make sure that all the house lines are properly marked.

Upon completion of the inspection of the house line the inspector next makes a visual inspection of all gas appliances in the basement or in the utility room. This inspection calls particularly for checking the condition of flue gas vents from the gas appliances, making sure that all are properly vented in conformance with company policy and city regulations. If there is any indication of fumes at any of

*(Continued on page 39)*

period of a year a number of gas leaks are reported by these inspectors. Many of these might not have otherwise been brought to the attention of the consumer.

After the inspector reads the meter and

checks against past consumptions, he is required to inspect the meter connections and the condition of the meter manifold. He makes sure that the manifold and piping is properly supported to the build-

**A**doption of an integrated national and grass roots public relations program by the nation's gas utilities and pipeline companies is recommended by the American Gas Association in a special printed report mailed to all member companies of the Association. The activity is to be financed outside Association dues and calls for an expenditure of \$155,000 the first year, \$255,000 the second year, and \$355,000 the third year.

Funds for the public relations program will be raised by voluntary assessment of utility companies based on a percentage of total gas sales revenue. Pipeline companies are to be assessed on a graduated scale based on gross revenue. The program becomes effective only if it is supported by companies representing at least 60 percent of the total gas industry sales revenues.

Drawn up by the Committee to Study Public Relations, the program will be developed to the greatest extent possible through and with the cooperation of local gas utilities and pipeline companies. These companies will tell at the local level the story of gas and the gas business to their customers, employees, stockholders and communities. On the national level, the Association will conduct a coordinated program directed to opinion-forming groups and media. At the same time, A. G. A. will stimulate the development of local and regional public relations programs and will provide information and counsel in support of such program. It is planned that the cooperation and active assistance of regional gas associations and other organizations will be utilized to the fullest extent.

The committee report lists the following nine points as objectives of the proposed program:

1. Determine and evaluate public attitudes toward the gas industry.
2. Spur local public relations activity.
3. Provide expanded information service for local application by participating companies.
4. Promote informing of employees on the economics of the gas industry and the free enterprise system.
5. Inform the public on the economic and financial needs of the gas industry, and how these affect the public.
6. Encourage investment of funds in gas industry securities.
7. Present gas as an ideal fuel.
8. Cooperate with educational insti-

tutions by providing factual information.

9. Oppose encroachment of government in the field of private enterprise.

The need for such a program is urgent, according to the committee. The phenomenal expansion of the gas industry in recent years is believed to have out-stripped the public understanding of the industry and its problems. Accordingly, it is considered necessary that gas industry employees, the public, governmental agencies and leading opinion forming groups be informed more fully on the present stature, problems and significance of the gas industry.

The recommendations culminate more than a year of study by the committee. They follow a preliminary survey, reported last May, which showed that 85 percent of the responding companies favored a national public relations program of this character.

The gas industry could find no more opportune time than the next few years to present its story, the committee states. Sound public relations programs have proved they can be a highly constructive factor in producing a social and economic climate in which business can operate effectively, thus increasing the standards of living of the nation. The gas industry and all business is expected to have a more favorable governmental and public opinion climate in the next few years in which to tell its story. However, that story must be told effectively, the committee said.

Ernest R. Acker, president, Central Hudson Gas & Electric Corp., Poughkeepsie, N. Y., and a past president of American Gas Association, is chairman of the Committee to Study Public Relations. Other members are: F. M. Banks, president and general manager, Southern California Gas Co., Los Angeles; F. D. Campbell, president, New England Gas and Electric Association, Cambridge, Mass.; E. S. Fields, vice-president and general manager, The Cincinnati Gas & Electric Co., Cincinnati, Ohio; W. H. Ligon, president, Nashville Gas Co., Nashville, Tennessee; Remick McDowell, vice-president and secretary, The Peoples Gas Light & Coke Co., Chicago; Chester L. May, vice-president, Lone Star Gas Co., Dallas, Texas; F. T. Parks, vice-president—gas operations, Public Service Co. of Colorado, Denver; Claude A. Williams, president, Transcontinental Gas Pipe Line Corp., Houston, Texas.

## FOR THE GAS INDUSTRY





# "This 45 second TEA-KETTLE speed test sells more GAS ranges"

... says

MR. MORT FARR

National Appliances Dealer of Utter Dwyer, Pennsylvania, and past President of GAMA.



## "Demonstrations always pay off"

"Put a whistling tea kettle on a heated-up gas range on your floor and ask your prospect to turn on the burner. (Use 1/2 cup of water). Before kettle starts to whistle (in water). Before kettle starts to whistle, heavy element of element) tells history of design, heavy construction for cool kitchen, cleanliness and other features. When kettle whistles, ask prospect to turn burner to low heat and show how fast it boils at rolling boil with 1/2 the amount of gas. This leads into the instant heat on 'hot heat' of advantage, vitamin and mineral saving, no hot oven, 10% less

shrinkage, low operating cost, lifetime burner guarantee and the pay-for-itself story."

For details on this and 31 other profit making demonstrations get the FREE booklet "31 Quickie Demonstrations That Sell More Gas Ranges." Ask your distributor, factory representative, utility, or mail the coupon below.

With two out of every three gas ranges now in use more than 15 years old, you can claim a lot more sales for top of the line models when you show the difference with a demonstration booklet.

## Only GAS ranges give you

Highest Profit Margins

Most Exclusive Features

- Smokeless burners
- Lifetime burner guarantee
- Fresh Air Circulation
- Flame-Retard Floor
- Instant "on and off" heat
- So Much for the Little

Greatest Acceptance

- 31,000,000 homes cook with gas

Biggest Unit Volume

Easiest to sell replacement market

BIG Nation-wide Profit Promotions Like These:

1. Full schedule of National ads Every Month
2. Cash in on the "Carnival of Gas Cooking"

A down to earth way to use profit space. A down to earth way to use profit space. A down to earth way to use profit space. A down to earth way to use profit space.

They don't "walk out" when you demonstrate Automatic GAS Ranges!



Write for booklet or ask your Gas Range Manufacturer, Distributor, or the Utility

Gas Appliance Manufacturers Association

66 East 42nd Street, New York 17, New York

Please send me your FREE booklet "31 Quickie Demonstrations That Sell More Gas Ranges."

NAME \_\_\_\_\_

CITY \_\_\_\_\_

## GAMA launches range promotion

Operation Sales," the first industry-wide sales program embracing the entire membership of the domestic gas range division of the Gas Appliance Manufacturers Association, gets under way in April with a completely packaged promotion of practical point-of-sales aids which will help dealers to sell more automatic gas ranges.

According to W. T. Trueblood, Jr., chairman of the special "Operation Sales" committee, the new promotion points up a continuing attempt on the part of the manufacturer and distributor to be of greater assistance to the dealer in selling the manufacturer's product.

The attention of the dealers will be

called to the promotion through the appearance of two-color ads in the leading trade magazines in April.

"With these ads we intend to bring sales training right into the dealer's store," Mr. Trueblood said, "with a series of short, snappy demonstrations that can be learned by salesmen in a matter of minutes that will dramatically spotlight the outstanding features of the modern automatic gas range."

Mr. Trueblood pointed out that the "Operation Sales" promotion will not replace the "CP" program but is still another forward step in the gas industry's determination to join forces in "modern merchandising to match gas range production and efficiency."

He said that the new dealer-aid campaign is part of an industrywide drive to coordinate gas promotion by closer tie-ins with dealers, manufacturers, utilities, GAMA and the American Gas Association.

The idea for the new promotion goes back to GAMA's annual meeting last May in Colorado Springs. It rapidly gained enthusiastic support from all members of the gas range division who fully realize the necessity for better sales training at the dealer level as well as for selling the "sizzle instead of the steak" features of the modern automatic gas range.

In addition to trade paper advertisements containing "quickie demos,"



special demonstration books will be made available to the dealers through GAMA, distributors, manufacturers and utilities. The booklets will contain all of the demonstration tips and directions that will appear in the ads as well as valuable selling short-cuts.

Special mailings containing copies of the advertisements along with additional sales helps will be made to 20,000 dealers and distributors in the key marketing areas of the country as well as manufacturers. Additional mailings will be made by utilities so that those who do 85 percent of the selling of gas ranges will be contacted.

In this manner the committee hopes to encourage the further use of the demonstrations by having the manufacturers follow them up with their

own distributors and dealers. It also hopes this will increase cooperation between dealers and utilities such as typified by the Philadelphia Gas Works and other gas utilities which have assisted in running lines into dealers' showrooms so that working models of gas ranges are available for demonstration to customers.

"The 45-second tea kettle speed test sells more gas ranges," is the headline of the first advertisement, quoting Mort Farr of Philadelphia, past president of the National Appliance & Radio-TV Dealers Association.

The text shows the dealer how he can do this instant heat-on, heat-off test in his own store and get the customer to take part in it—the first basic step toward completing the sale. Fol-

lowing ads will tell of additional on-the-spot demonstrations that highlight other range features.

"The whole idea of this 'selling by doing' campaign," Mr. Trueblood said, "is to bridge the most important three feet in sales—the distance between the customer and the dealer—since surveys show that only 53 percent of the sales-making and sales-closing material turned out by manufacturers is used by dealers."

The program will be aggressively merchandised to dealers and utilities not only by GAMA but by the American Gas Association range committee. This will be accomplished through trade paper advertising and through

(Continued on page 44)

## A.G.A. establishes kitchen studio for TV and films

### a PAR activity

In Beverly Hills, California, the

A. G. A. Hollywood Bureau has begun operation of a rental-free "Kitchen Studio" for producers of TV and commercial films.

Plans for this new A. G. A. service began after a survey, in early 1952, showed a great need existed for complete kitchen sets for filming. The continued tremendous growth of filmed TV during the year increased the problem of how best to provide modern gas kitchen sets to firms entering the field.

The answer was a studio, designed especially for filming, with a gas kitchen and laundry set which could be

adapted to many needs. Soon, viewers will be seeing this sparkling A. G. A. kitchen on their TV sets, but with six clever floor plan variations, it will seldom look the same.

Producers using the studio enjoy complete soundproofing, and are provided with gas, ample power for set lighting, hot and cold running water with sink drainage, a loading area, dressing room facilities and other features generally found in much larger studios. The set is finished in a flat color, especially for filming, and is attractively dressed.

The Southern California Gas Co. worked in close cooperation with the A. G. A. Hollywood Bureau through

all phases of planning and construction of this studio. In addition, the utility provided space for the studio in its Beverly Hills office.

Better-than-ever representation for gas will be the result of this newest Hollywood Bureau project. The new facility will expand even further the public appearances of gas appliances. During 1952, 63 items of gas equipment, including ranges, refrigerators, water heaters and heating units, were used in 36 major film products, as the result of A. G. A. Hollywood Bureau activities. At the same time, 231 gas appliances were used in 287 TV and commercial film productions.



Grace Rowlett, well-known TV actress is shown in the beautiful all-gas kitchen set used by Telepix Corp. in the production of spot commercials for Gaffers and Sattler gas ranges. The set was made available through A. G. A. Hollywood Bureau

*Constant vigilance, a comprehensive program  
of hazard elimination and thorough employee training  
in safe practices aid A.G.A. Laboratories to*

## Eliminate lost time accidents

The A. G. A. Laboratories have steadily improved their safety record. Possible accidents have been prevented through extensive employee training in safety procedures and constant vigilance by management to provide safe working premises and equipment. During 1952 there were no lost-time accidents.

Safety is foremost in the minds of the A. G. A. Laboratories personnel. For over 25 years the Laboratories have tested the industry's gas appliances for compliance with national safety requirements. Such testing has had no small part in protecting over 100,000,000 people who are dependent upon gas for daily comfort and convenience, and in improving the gas industry's safety record from accidents which might have been attributable to the improper construction and operation of gas equipment.

The staff is conscious both of the safety of the user of gas appliances approved by the Laboratories and of the safety of the test engineer and the fellow worker. Safety is their business. Each individual is fully aware of his responsibility toward further improving the gas industry's safety record by careful and diligent testing of gas appliances and its component accessories as well as keeping the Laboratories a safe place to work.

A few years ago the Laboratories director recognized the value of continuous employee education in safety procedures and the constant need for evaluating the safety of the equipment and the physical

plant facilities. A safety committee was appointed to study safety needs and make recommendations. This committee, composed of representative employees from all departments, meets once a month to review reports of accidents, evaluate causes and consider suggestions. The group also supervises the Laboratories fire drill program, the planning of safety procedures and training of all employees to follow them.

On the basis of numbers alone, the tabulation (Table 1) of accidents for the last three years shows that progress has been made by the Laboratories Safety Committee in improving the safety record. While the safety record in itself may be considered excellent, inasmuch as no serious accident has occurred, complete accident elimination is desirable.

Cuts and burns lead the list. They far outweigh the other most frequent causes of injury for the appliance testing engineer and the laboratory worker. Recognizing that broken glass is the cause of many cuts, the safety committee reviewed the Laboratories testing equipment and recommended, where practical, the use of test equipment made of non-breakable material. As an example, one recommendation resulted in the use of plastic bottles and steel sampling tubes when collecting combustion samples from appliances.

Likewise, glass objects—broken or otherwise—and items which have sharp edges, such as sheet metal trimmings are deposited for disposal in conveniently located, clearly marked containers. Glass panels in proximity to drill presses,

Comparative Tabulation of  
Accident Reports for Safety Comm'tee Years of  
1950, 1951, and 1952

Type of Injury	1950			1951			1952		
	Number Reported	Lost Time Accidents		Number Reported	Lost Time Accidents		Number Reported	Lost Time Accidents	
		Number	Days Lost		Number	Days Lost		Number	Days Lost
Cuts	6	0	0	3	0	0	6	0	0
Burns	3	1	1	5	2	5	0	0	0
Bruises	3	0	0	1	0	0	0	0	0
Others	1	0	0	2	1	2	3	0	0
(Miscellaneous Abrasions, Fractures, etc.)	—	—	—	—	—	—	—	—	—
	13	1	1	11	3	7	9	0	0

lathes, grinding machines and equipment under storage have also been covered with suitable material to render them shatter proof.

As a guide for the Laboratories staff and the many visiting manufacturers' representatives who use the Laboratories facilities and equipment while their appliances are undergoing test, the safety committee prepared a booklet titled, "Safety is Our Business." It outlines the safety procedures to be practiced at the Laboratories. It stresses the importance of neat "housekeeping" as a factor in fire and accident prevention. It covers the importance of keeping open at all times aisles, exits and access to fire fighting and first aid equipment and to the control valves for the building gas supply piping and appliances.

Tools, gas pipe, electric cords or parts of appliances or test equipment are not permitted in aiseways where people must walk, since such practices are not only hazardous in themselves from the standpoint of personal injury but also may hinder fire fighting when needed. Access to all sides of the appliances under test permits prompt action in event the need arises.

Safety training is also given the Laboratories employees in the use of fire fighting equipment. What type of equipment to use when electricity or oil is involved and for general fires is stressed as well as the procedure to use in the event outside assistance is required. These safety rules and regulations are explained to each new employee on his first day at work and a copy of "Safety is Our Business" is given to him for his guidance.

The majority of the Laboratories operations involve the testing of previously untried or experimental gas appliances for safe performance. Such testing in many cases requires the testing engineer to conduct tests with safety provisions which were incorporated in the design by the manufacturer, in an inoperative condition. Such tests provide a check on the performance of the appliance in the event improper operation occurs and protect the safety of the appliance user in the field. However unsafe conditions may exist during the testing of the appliance with the safety controls inoperative. The appliance testing engineer must be fully aware of any such unsafe conditions. The tests applied may involve delayed ignition or high temperatures.

In placing gas appliances in operation,

## New vented recessed heater markings required

A prominent marking showing the type of vents to be used with vented recessed gas heaters must appear on all such heaters under a recent ruling, according to the American Gas Association Laboratories. The ruling, adopted by the Executive Committee of the Association's Approval Requirements Committee, becomes effective April 1, 1953. The new marking is a guide to the installer and regulatory authorities as to the type of vent (flue-pipe) system that must be used with approved vented recessed heaters. Information on the type of vents to be used is also required to be included in the instructions with each heater.

The marking is required to appear on the heater in a conspicuous position where it can be observed during the rough-in inspection. Where a manufacturer does not furnish the vent system with the heater, the unit must be marked for the type of "B" vent, or wall vent, or such equivalent vent listed by a nationally recognized testing agency for recessed heaters, as must be used.

Since acceptable clearances for installation of listed vents vary from  $\frac{3}{8}$  to  $1\frac{1}{2}$  inches, it is important that the proper vent system be provided at time of installation to secure optimum performance of the equipment.

## Install infra-red CO analyzer to speed tests

An infra-red (Lira type) gas analyzer has been placed in operation at the A. G. A. Laboratories, Cleveland, for the determination of carbon monoxide in combustion samples.

Calibrated for a range of zero to 1000 ppm, the infra-red analyzer permits determination of the CO concentration in gas appliance combustion samples in less

than one minute. It has an accuracy comparable to that heretofore obtained with the iodine pentoxide procedure.

With over 80 combustion samples to be analyzed daily, routine use of the equipment materially reduces the time required for appliance manufacturers to obtain results of tests on gas appliances submitted for approval.

the Laboratories appliance testing engineer is required to check carefully the entire gas piping system of the unit to make sure that all joints are made up tight. He must make certain that the appliance has been connected to the proper gas; that the meter is properly purged; that the flexible gas supply to the piping has not been subjected to torsion while tightening unions and other fittings, and that the proper orifice sizes have been installed. In no case is the use of a match or flame permitted for checking for gas leaks. Soap solutions are used.

Since the Laboratories testing procedures must take into account a wide variety of gases used throughout the country, several typical gases are available at the various test stations. The piping for each gas is color coded for quick identification at a distance. In addition at each outlet valve the name of the gas supplied from each pipe is clearly designated. Unused gas supply piping outlets are required to be plugged and a proper size plug is chained to the piping for this purpose.

Some well observed precautions are needed when lighting a burner in an enclosed combustion chamber of an experimental appliance. If there is any possibility of the presence of unburned gas in a combustion chamber, a blower should be used to ventilate the appliance thoroughly before attempting to light a pilot or burner. The pilot, when provided, is lit first with the gas supply to the main burner turned off. Lighting rods are available for use and the appliance testing engineer is instructed to stand to one side of any opening leading into an enclosed combustion chamber while placing the appliance in operation. A check is made to assure acceptable ignition of the appliance under test and, if faulty, the unit is immediately shut down until correction is made.

During the testing of an appliance, it is frequently necessary to make adjustments or tests which may involve close proximity or contact with hot surfaces. Asbestos gloves are provided for this purpose and stress is placed on their use

*(Continued on page 37)*



# Field experience to mold research



Allan W. Lundstrum, president, The Ohio Fuel Gas Co., will give the keynote address



Luncheon topic of Don Knowlton, senior partner, Hill and Knowlton, will be "Socialism by Treaty"

**W**hat I Would Like to See in Gas Appliances and Service," is the subject of a clinic highlighting the 8th Annual American Gas Association Research and Utilization Conference, April 7 and 8, 1953, Hotel Statler, Cleveland.

Also featured will be panel sessions on cooking, water heating, heating and air conditioning and general utilization. Research projects and utilization problems will be reviewed in a number of technical and non-technical papers. Other subjects to be discussed include galvanized water tank corrosion; venting principles; what's new in requirements; burner research and kitchen soiling. Emphasis will be placed on question and answer periods to spark discussions.

The conference is sponsored by the Committee on Domestic Gas Research and the A. G. A. Utilization Bureau. Conference Committee chairman is Henry A. Eddins, vice-president of Laclede Gas Co., St. Louis.

A prominent luncheon speaker from the gas industry will be James F. Oates, Jr., chairman and chief executive officer of The Peoples Gas Light and Coke Co., Chicago. Non-industry luncheon speaker will be Don Knowlton, leading public relations figure who is senior partner, Hill and Knowlton, Inc., public relations firm, Cleveland. Conference keynote will be sounded by Allan W. Lundstrum, president, Ohio Fuel Gas Co., Columbus.

Among others taking leading parts in the conference are H. Carl Wolf, managing director of A. G. A.; Dr. Robert C. Weast, Case Institute of Technology; G. J. Sandusky, Southern California Gas Co.; Alan Kinkead, William Wallace Co.; John Corsiglia, Janitrol Division of the Surface Combustion Corp.; Dr. F. E. Vandaveer, East Ohio Gas Co.; H. A. Brown, Rochester Gas & Electric Corp.; S. J. Levine, General Electric Co.; Mrs. M. L. Bohn, Laclede Gas Co., and J. G. White, The Peoples Gas Light and Coke Company.

Others who will speak before conference gatherings are J. A. Gilbreath, Servel, Inc.; H. B. Yost, Hope Natural Gas Co.; C. L. Elliott, The Cincinnati Gas & Electric Co.; C. G. Segeler, A. G. A.; R. A. Little, leading architect in small home design, Cleveland; Karl Nagler, The Peoples Gas Light and Coke Co.; G. J. Sandusky, Southern California Gas Co.; and E. F. Heibrank, University of Illinois.

Conference visitors are invited to visit the A. G. A. Laboratories, in Cleveland, to consult staff members about details of research projects and related subjects—before or after the conference. Much of the work of the A. G. A. Laboratories will be the subject of papers and panel discussions at the conference. Intensive experimental work is underway in the field of domestic gas cooking and data are being collected to correlate burner

design, oven and burner operation.

In the field of domestic gas water heating an important study is developing information covering the use and proper installation of relief devices on storage type water heaters.

Studies on the application of heat to domestic gas storage water heaters also currently under way, provide another subject of the conference program. Further research being conducted by the Laboratories in heating and air conditioning seeks to solve the problems involved in the venting of gas appliances.

Conference discussions of general utilization subjects will focus attention on current studies and experimentation on design, construction and performance of pilots, the effects of gas composition on flame stability of appliance burners and the use of secondary air to support atmospheric gas burner flames. On view at the Laboratories will be the portable laboratory instrument that as been developed as an aid in making burner adjustments that will be most effective for both base and peak load gases.

At the coming Research and Utilization Conference, gas company utilization and service personnel, together with appliance and accessory company engineers, designers and field representatives, will appraise research being conducted, discuss new methods of approach and correlate field experience with these and future research projects.



## Tax treatment of financing cost

By J. F. BRENNAN

Manager, Taxes Division  
Philadelphia Electric Company

The purpose of this article is to try to develop the reasons underlying the different federal income tax treatment accorded premium, discount and expenses incurred in connection with borrowed capital as compared with equity capital.

The Internal Revenue Code contains no specific provisions with respect to the treatment of premium received or discount and expenses incurred upon the issuance of bonds. However, Treasury Department regulations<sup>1</sup> provide that such items are to be amortized over the life of the bonds.

The regulations also provide that where before maturity bonds are repurchased for cash and retired, the corporation realizes taxable income or deductible loss to the extent of the difference between the purchase price and par value. Also, in the year of retirement the corporation realizes taxable income or deductible loss to the extent of any unamortized premium or unamortized discount and expense, respectively.

Should the old bonds be retired by issuance of new bonds in exchange therefore, the regulations require that any unamortized premium, discount or expense must be amortized over the life of the new bonds. Where the old bonds are retired by conversion into or in exchange for capital stock, the unamortized pre-

mium discount or expense must be capitalized and no deduction allowed thereafter.

The basic reason for treating bond premium as income, as stated by the Board of Tax Appeals,<sup>2</sup> is that the action of borrowing money is incidental to the carrying on of the taxpayer's business, and if the taxpayer makes a gain in such



J. F. Brennan, a member of the taxation committee of A. G. A. and of other associations, analyses the taxability of financing costs

transaction, there is no provision of the statute which exempts that gain from tax.

From the inception of the federal income tax, the regulations have provided for amortizing premium and discount over the life of the bonds. Early decisions of the Board of Tax Appeals held that no part of the premium on bonds issued prior to March 1, 1913, was includible in income for any subsequent year.<sup>3</sup>

However, in 1931 the Circuit Court of Appeals, First Circuit, held that a pro-

portionate part of such premium was taxable subsequent to 1913, based on the life of the bonds.<sup>4</sup> The Court said:

"... If a corporation is allowed to show a greater expense for a given year by adding a proportionate part of a loss on the sale of bonds, there seems no reason to deny to the taxing authorities the right to show a smaller expense by deducting the proportionate part of a gain on a sale of bonds."

The issue was finally settled by the Supreme Court, which held that premium constituted income in the year received, and since the bonds were issued prior to the adoption of the 16th Amendment to the U. S. Constitution, it could not be reached by revenue acts adopted subsequent to that Amendment. The court stated that:

"There is no ambiguity in the language of the regulation, which defines a bond premium as income. As a corollary from this definition, it follows that the petitioner received the income represented by the premiums here involved prior to the adoption of the Sixteenth Amendment, for these premiums could not be income for any other year than that in which they were received. That income had become capital prior to the adoption of the amendment and could not be reached by a subsequent income tax act. This conclusion is not affected by the provision of the regulation which allows the proration or amortization of this item over the life of the bonds, and extends to the taxpayer the privilege of treating the premium as income received in installments instead of in a lump sum in the year of its receipt.

"Nor does the fact that the regulation

Abridged version of a paper presented at the A. G. A.-EET Joint Taxation Committee meeting, Sea Island, Georgia, January 28-30, 1953.

## ● *Notable inconsistency exists between court decisions on permit deductions*

thus ameliorates the burden of the taxpayer authorize the use of the grant to convert income of years prior to the effective date of the Sixteenth Amendment into income assumed to have been received thereafter. The amortization requirement may properly be applied to premiums paid subsequent to March 1, 1913, but cannot operate to contradict the definition of a premium as gain or income."

Thus, with respect to premium, the law is clear that such premium constitutes income in the year received, but in the case of bonds issued subsequent to March 1, 1913, it is permitted to be reported in installments over the life of the bonds by grace of the regulations.

In the case of discount, the Board of Tax Appeals in 1928 held that where a corporation kept its books of account on the accrual basis and sold its bonds at a discount, the discount was in the nature of deferred interest, which could be amortized over the life of the bonds.<sup>5</sup>

This theory that discount constituted deferred interest was approved by the Fourth Circuit Court of Appeals in 1929.<sup>6</sup>

Following this decision the Board of Tax Appeals was in the position of employing the interest theory with respect to bond discount, but rejecting it with respect to bond premium.

This led to the commissioner's appealing to the First Circuit Court of Appeals in the Old Colony Railroad case previously cited,<sup>8</sup> to permit the interest deduction to be reduced by the amortized portion of premium on bonds issued prior to March 1, 1913. The Court of Appeals agreed with the commissioner, but the Supreme Court disagreed and stated that the taxpayer was entitled to deduct as "interest" the entire amount specified in the coupon and actually paid during the taxable year as "interest." The Supreme Court said,

"In short, we think that, in the common understanding, 'interest' means what is usually called interest by those who pay and those who receive the amount so denominated in bond and coupon, and that the words of the statute permit the deduction of that sum, and do not refer to some esoteric con-

cept derived from subtle and theoretic analysis."

It would seem to follow from this decision that neither premium nor discount constitutes an adjustment of the interest rate. This is borne out by a later decision of the Supreme Court in the case of Union Pacific Railroad Company,<sup>7</sup> involving commissions paid in connection with bonds issued prior to March 1, 1913, which the commissioner refused to allow as a deduction on an amortized basis in subsequent years. The Board of Tax Appeals agreed with the commissioner, but the Second Circuit Court of Appeals reversed the board, stating that:

"It is not easy to select the precise provision of the statute which authorizes amortization and deduction either of bond discount or bond commissions. . . . Separate paragraphs authorize the deduction from gross income of 'ordinary and necessary expenses paid or incurred during the taxable year,' of 'interest paid or accrued,' of 'losses sustained,' and of depreciation and exhaustion. Bond discount and commissions scarcely fall within the first category; they represent the cost of acquiring new capital, rather than an ordinary and necessary expense in carrying on business during the year. Discount is often referred to as deferred interest, and deduction of amortized discount has been allowed under the 'interest' paragraph. See *Western Maryland Case*, supra. To us the 'losses sustained' paragraph seems the more appropriate. Viewing discount and commissions as the cost of acquiring new capital, the loss is actually sustained when the bonds are paid or redeemed; but, since the use of the capital is extended over the life of the bonds, the income for any current year will be more fairly reflected by prorating the loss over the period of such use. . . . Concededly that loss must be spread so far as it represents bond discount. We see no reason why the other element of that loss, bond commissions, should not be treated in the same way."

The United States Supreme Court affirmed the Court of Appeals, stating:

"The transaction contemplated from the beginning a fixed date, the due date of the bonds, at which the difference be-

tween the net amount of capital realized upon the issue and the par value of the bonds must be paid to bondholders by the taxpayer. We think that the revenue acts, as they have been interpreted by this court and the treasury regulations upon this and related subjects, require that this difference between receipts and disbursements of the taxpayer should, in some form, enter into the computation of his taxable income. It is a loss to the taxpayer, "definite as to its date and amount, and represents a part of the cost of the borrowed capital during each year of the life of the bond issue. Cf. *United States v. Anderson*, supra. At least where the taxpayer's books are kept upon the accrual basis, its final disbursement may be anticipated by amortization and the amortized amount deducted annually from his gross income."

Thus, it may be concluded that for federal income tax purposes, premium and discount are not to be considered as adjustments of the interest rate. Rather, the premium is to be considered as gain and discount as loss, and both items, by reason of the regulations and court decisions, are permitted to be amortized over the life of the bonds.

### Bond issuance expenses

It will be noted that the regulations provide for the amortization of net premium and net discount.<sup>1</sup> In an early case,<sup>5</sup> the Board of Tax Appeals held that while expenses do not as nearly coincide with the concept of interest as does discount since they were paid to persons other than the lenders of the money, they are, nevertheless, intimately connected with the loan and, in fact, constitute a part of the cost of the money borrowed. Also as previously mentioned, the Supreme Court held that commissions are part of the cost of the money borrowed, and as such constitute a loss which may be amortized over the life of the bonds.<sup>7</sup>

Again in 1931, the board held that any expenses incurred in the issuance of bonds are deducted from the premium or added to the discount, and the resultant net amount is amortized over the life of the bonds.<sup>8</sup> All expenses except state and

local taxes should be treated in this manner. State and local taxes, as distinguished from fees, are deductible as taxes in the year incurred.<sup>9</sup> Prior to 1944, federal stamp taxes were likewise deductible in the year incurred. However, since January 1, 1944, such taxes can only be deducted as expenses and must be amortized over the life of the bonds.

An exception is also to be noted in the case of bonds issued prior to March 1, 1913. While premium on such bonds cannot be amortized over subsequent years,<sup>4</sup> net discount can be so amortized.<sup>7</sup>

With respect to serial bonds, one exception is made to the above discussion of the treatment of bond premium, discount and expense. This exception relates to the method of allocating such items.

The regulations contain no provisions dealing with serial bond issues. However, it has been ruled that where bonds mature serially, a "proper proportion" of the total discount and expenses should be allocated to each series and each series then should be treated as a separate unit. (Merten's *Law of Federal Income Taxation* Sec. 12.113; OD 936, 4 CB 276)

The "proper proportion" of total expenses to be allocated to each series is determined by dividing the total bond expense by the number of series (IT 1412, 1-2 CB 91). This method of allocation does not apply to premium and discount.

GCM 3832 (VII-1 CB 123) holds that the "proper proportion" in the case of discount and premium should be determined as follows:

"The amount of each series of bonds should be multiplied by the number of years it has to run, the product representing an amount equivalent to the series as though outstanding for one year.

"To any series of bonds should be allocated that proportion of the total discount (or premium) which the product for such series bears to the sum of the products for all the series.

"The portion of the discount (or premium) thus applicable to any series of bonds should then be prorated equally over the life of the bonds constituting such series."

The Internal Revenue Code contains no specific provision with respect to

treatment of premium and discount related to issuance of capital stock. However, Treasury Department regulations have always been in accord in providing that no gain or loss is realized from the original sale by a corporation of its shares of capital stock. The present regulations (Sec. 29.22(a)-15) provide that:

"... The receipt by a corporation of the subscription price of shares of its capital stock upon their original issuance gives rise to neither taxable gain nor deductible loss, whether the subscription or issue price be in excess of, or less than, the par or stated value of such stock."

The Board of Tax Appeals has stated that:<sup>10</sup>

"We think it is perfectly clear that the amount received by a corporation in excess of the par value of its stock is not income to the corporation, but it is in fact paid-in surplus, and that the converse is equally true, that when stock is sold for less than its par value the corporation has not suffered a loss."

Since the government has always conceded that premium on stock is not income to corporation, no litigation has arisen on this point. Likewise, there appears to be no case where discount, as such, has been at issue. As a matter of fact, the courts have apparently accepted the rule of the regulations without question, for they have consistently held that commissions paid upon issuance of capital stock are equivalent to discount,—therefore, not deductible.

As a general rule, capital stock has no fixed life over which to amortize premium or discount. However, the Board of Tax Appeals has held that even where preferred stock has a definite life, discount should not be amortized over such life.<sup>11</sup> In this case, the Board said:

"... respondent correctly refused to permit the discount on the sale of the preferred stock to be amortized. This would be so even if the stock had a definite life which it has not. . . ."

The Internal Revenue Code contains no specific provisions relating to expenses incurred upon issuance of capital stock. It has been well established by court decision that such expenses are not deductible for income tax purposes, either when in-

curred or at any other time.

In the Emerson Electric Manufacturing Co. case previously cited,<sup>12</sup> the taxpayer sought to deduct commissions paid and expenses incurred upon issuance of capital stock as ordinary and necessary business expenses, on the basis that:

"... the securing of additional capital in order to efficiently operate its business being absolutely necessary, the expenses incident thereto were not only necessary, but, in the circumstances, ordinary expenses; and, further, that the amount paid to the brokers represented 'other compensation for personal services actually rendered' and, therefore, constituted a proper deduction from income."

The Board of Tax Appeals denied the taxpayer's claim, holding that:

"... expenses incurred by a corporation in selling its capital stock . . . are not deductible expenses, for the reason that such expenses are incurred in connection with a capital transaction. The only effect of expenses of this character, as in the case of discount at which the shares of stock may be sold, is to reduce the capital available to the corporation, and they cannot be used to reduce the income from operations. They represent a capital expenditure which should be charged against the proceeds of the stock and not recouped out of operating earnings."

### Called capital expenditure

In Corning Glass Works,<sup>13</sup> the taxpayer claimed a deduction during a taxable year for a portion of commissions (actually mixed commission and discount) paid upon issuance of capital stock. This deduction was one-fortieth of the total commissions, and based on the theory that such commissions should be amortized over the 40-year life of the corporate charter. During the following taxable year, the stock was retired and taxpayer deducted the remaining portion of the commissions. Both deductions were disallowed by commissioner. The Court of Appeals upheld the commissioner and stated that the commissions represented a capital expenditure, and should be charged against the proceeds of the stock, and not be recouped out of

(Continued on page 40)



# Dealer cooperation plans grow

*Home service details a set of sure-fire plans for promoting sales through cooperation with dealers*

## Check list for cooperation

By JULIA HUNTER

Chairman, Home Service Committee  
and Home Service Director  
Lone Star Gas Company  
Dallas, Texas

Dealer cooperation sets the theme for the 1953 American Gas Association Home Service Workshop, as a result of the great number of requests for assistance in this particular phase of utility work.

Established plans and policies are the foundation for a well-planned program of dealer assistance. To strengthen that foundation, A. G. A. offers publications, research reports, special consultations, a staff to help with individual problems, meetings and conventions. A. G. A. also carries on a national advertising program designed to assist every gas company, every gas appliance dealer. This program is planned well in advance for seasonal promotions of appliances, so that manufacturers and utilities may have tie-in promotions.

Manufacturers are also ready to strengthen that foundation. They invite your questions concerning their product, they want suggestions, they want to assist you with problems, they want and need your help when they hold meetings in your areas.

On this foundation, certain down-to-earth labor is needed to erect the structure of dealer assistance. A check list will most readily summarize this program:

1. Are you familiar with all dealer work carried on within your company? Do you know your dealers, their stores, their organizations and do you show sincere interest in their over-all operations?
2. Do you have clearly in mind the methods by which you will work in this program?
3. Do you have clear understanding of procedure for service on the dealers' appliances in the customer home?
4. Do you know everything you can know about the materials you and your crew are using in this structure?
5. Do you know gas equipment, models, makes and performance? Do you likewise know competitive equipment? Do you know the superiority of gas so

A condensation of papers devoted to "Home Service Cooperation in the Dealer Program," the major theme of the A. G. A. Home Service Workshop, Dallas, February 2-4, 1953.

well that you not only "sell" yourself, but can "sell" others?

6. Do you keep informed on technical home economics methods and trends?

If you have all of these plans well made and possess all of this knowledge, how are you putting it all to use? Again, let us run through a series of questions:

1. Do you assume your duties and carry on the work cheerfully? Do you pass along your suggestions and ideas so that they are well received, and do you welcome suggestions for bettering your work? Though the brain may be great, if it's coupled with an unpleasant, unhappy manner and personality, it doesn't measure up.

2. How do you leave the job at the end of the working day? Are your tools cleaned and put away? Leaving a dirty range and equipment will go far to defeat dealer cooperation.

3. How is your follow-through? Do you follow-through on department, company and industry planned programs for dealers? Neglect and apathy can defeat the best program.

4. How do you look while you are doing all this? Can the dealer evince pride in having you represent his company?

Gas, gas appliances and the industry producing and distributing them are second to none. Gas measures up in every way. Do you?

## Breakfasts are effective

By HELEN MANDIGO

Home Service Director  
The Gas Service Company  
Kansas City, Missouri

We decided upon a series of breakfasts for dealers and salesmen as the means of modernizing their sales approach and giving them a pep talk on the superiority of gas and gas appliances. Breakfast meetings were chosen because most individuals are apt to be more mentally alert, unencumbered with other engagements and free from hunger.

Arrangements for the breakfast, initiated and followed through by the dealer contact man, were supplemented by a personal invitation from the home service representatives who regularly call upon dealers in their territories. The dates for dealer breakfasts were scheduled through the home service director. We found that our 12-person home service department could easily handle as many as 50 guests at each breakfast.



Each breakfast was devoted to the demonstration of the ranges of one manufacturer, with the dealers and salesmen of that line as the guests. One of the ranges of the designated line was installed in our kitchen for use during the demonstration.

Our executives attend the breakfast and their presence indicates the importance our company places on home service and the dealer program.

Breakfast and demonstration take exactly one hour and the salesmen are ready to leave for their place of business promptly at 9:00 a.m. Careful organization and advance preparation of the menu make it necessary for members of the home service department to be at the office only a half hour before the breakfast is to be served.

Step by step the demonstration entitled "Use the Feminine Slant, Mr. Salesman," is built around a single area of the range: A complete broiler meal is prepared, while the smokeless broiler story is told, along with the specific features of the particular broiler being used; a complete top range meal is prepared with emphasis on the waterless method of cooking vegetables and instructions on the use of the simmer burner; four layers of cake baked the day before are displayed and attention called to even browning and to the proper placement of pans, as a means of pointing up the features of the oven; the roasting of meat is discussed and a low temperature stressed by means of charts; a complete oven meal is removed from the automatic oven and the operation of the automatic clock is briefly explained.

In this demonstration is promoted the use of one area of the range at a time for a complete meal, as a means of giving a cooler and cleaner kitchen and of reducing dishwashing.

These breakfasts are served at no cost to the dealer or his salesmen. The cost to our company is 51 cents per serving—an economical way to reach our 90 dealers and their approximately four-hundred salesmen.

These breakfasts have resulted in a big improvement in good relations and understanding between our dealers and our company. Through this means we have been able to emphasize that, though we merchandise, we are selling gas, instead of the particular equipment on our sales floor. After gaining, via our demonstration, first hand experience with the operation of the range they handle they

are telling a more convincing story to their customers. In addition they have become much more cooperative in sending in their appliance installation reports promptly, thus making our home call program more timely and effective.

## A three-way profit plan

By MILDRED ENDNER

Home Service Director  
Minneapolis Gas Company  
Minneapolis, Minnesota

We instituted a church-dealer cooking school program which has been so successful that sales and dealer-floor traffic has been boosted notably, while churches—and latterly P.T.A.'s—are asking for it.

Its operation is based on careful planning and thorough spelling out of the responsibility of each participant in this three-way profit program. After the plan was finally settled and all of its details worked out, a copy of the recommended procedure was drawn up; when arrangements are being made for a church-dealer cooking school, a copy of this recommended procedure left with each participant is our insurance against misunderstandings of the function each will perform.

For the sponsoring group, the following basic duties are outlined:

1. Must have adequate place to hold cooking school capable of accommodating a group of at least 400 and with suitable platform or stage;
2. Appoint committees to arrange for printing admission tickets, publicity, not more than 50 door prizes of \$2 minimum value, auditorium personnel (ushers, etc.) and refreshments;
3. Arrangement for master of ceremonies, preferably a member of the sponsoring organization;
4. Arrangement for a local celebrity to draw tickets for prizes;
5. Arrangement for entertainment, which varies from vocal quartettes and dance numbers to a style show;
6. Arrangement of display of door prizes, with which the cooking school manager helps;
7. Preparation of a list of door prizes and their donors, to be printed as part of the recipe sheet which the gas company prepares;
8. Winner must be present to receive grand prize because the drawing is the

climax of the program, and absence of the winner would result in a let-down feeling at the close of the school. (Many sponsoring groups have sold chances on the grand prize—12 chances for \$1—in addition to admission ticket. When the grand prize is managed in this manner, it isn't practical or sound to hold to the rule that the winner must be present for the drawing because these chances are sold by sponsoring group-members wherever and to whomever possible. If no special tickets are sold for the grand prize but the admission tickets are used for the drawing of all prizes including the grand prize, then the winner should be present to receive the range.)

9. Establishment of a clear cut policy as to whether people must be present to receive door prizes;

10. Starting time to be 8 p.m.;

11. General chairman to be in constant contact with gas company cooking school manager concerning progress of their committees;

12. The dealer co-sponsoring the program, if he desires to be introduced, to speak for not more than two minutes. He may have a factory representative talk for him.

For the participating dealer, the following basic responsibilities are outlined:

1. Furnish the gas range at no cost to group and range to be given away must be same as one used in demonstration;
2. Pay for the printing of tickets that are used for the giving away of the gas range;
3. Have display of gas appliances at cooking school;
4. Have enough salesmen at cooking school to answer all questions and to get the prospects' names;
5. Give five percent of the purchase price of appliances sold, within a certain number of days, to members of the sponsoring group. This arrangement must be explained clearly to the audience;
6. Insert a gas range brochure in menu sheet;
7. Dealer must send a direct mailing piece to all persons who attend cooking school, drawing names from the admission tickets;
8. Dealer to pay for all food used in cooking demonstration;
9. Dealer to deliver and pay for cost of installing gas range in winner's home;
10. Dealer to attend final committee meeting with group;
11. All gas equipment handled by dealer will be shown on stage (if large

enough) or on auditorium floor.

The gas company lists the obligation it assumes as:

1. Gas company cooking school manager to meet with executive committee of group to formulate plans and insure full cooperation;

2. Home service department will schedule dates for school, at least three weeks, and preferably four weeks, in advance, and *will confirm the date by letter* to the chairman of church group and the dealer.

3. Arrange for kitchen planning demonstration;

4. Arrange for installation of demonstration equipment;

5. Arrange to deliver girls and food to demonstration;

6. Supervise arrangement of equipment on stage, lighting and hanging of a large banner on stage backdrop as well as a banner outside auditorium whenever possible;

7. Have meeting with the master of ceremonies the day before scheduled program to go over complete program;

8. Have some indicator to show that speaker's time is "up."

9. Master of ceremonies to introduce members of cast at end of show, including church chairman and her committee;

10. Gas company cooking school manager to make a personal call on the general chairman after cooking demonstration to get her reactions to the program.

The enthusiastic letters and reports we have from the audiences, churches and dealers attest that the program is well-balanced and offers variety. It is also evident from contacts with the dealers and churches that the shows are an excellent background for raising funds, obtaining new leads, floor traffic and, in several instances, immediate sales.

## Salesmen like to cook

By CHRIS GRAUER

Home Service Department  
Southern California Gas Company  
Los Angeles, California

A realistic analysis of current economic and merchandising conditions lay behind the establishing of Southern California Gas Company's Dealer Chefs' School.

Since the greatest number of range sales are by dealers, we have sufficient reason for offering them training in how to sell these appliances, it was reasoned.

In addition, it is generally agreed that salesmen have become mere order-takers who have forgotten how to sell. We know, too, that women purchase most of the gas ranges from our appliance dealers, or at least make the decisions.

This reasoning pointed to the need for a three point program for salesmen with these objectives:

1. To increase sales of better gas ranges;

2. To promote greater interest in all gas appliances;

3. To develop better dealer relations.

Home Service interprets these objectives to mean:

1. Portraying an understanding of the women's point of view;

2. Developing a knowledge of the actual performance of the range, kitchen-wise;

3. Coordinating all information so that the salesman can use it in his selling.

Behind all of this lay the realization that unless home service is sales minded it cannot justify its existence in a highly competitive industry where costs rise and and rate boosts lag.

With these thoughts in mind, the sales promotion and the home service departments made plans for a dealer chefs' school. Our aim was to train every dealer and his salesmen throughout the territory. We would make no point of recipes, fancy foods nor preparation technique. We would concentrate on sales features for the salesmen to use.

Detailed plans were drawn up, including procedures for arranging and for conducting classes, menu, lists of serving dishes needed and check lists for advance preparation of the meal. In addition, lists were made of food and equipment for salesmen's trays and for home economists tray, grocery list and a schedule of duties for an assistant. A group of columnar forms detailed the order of work before and during classes, along with explanatory remarks of each function. Colored sheets gave detailed instructions for the cooking which the salesmen would do, and menus of each item were prepared for those who wanted to take them home.

Each dinner meeting is opened by the sales supervisor and/or by the dealer representative, followed by demonstrations of the various sales points of the gas ranges on display. Thereafter salesmen draw instruction sheets which denote ranges used, recipes and cooking jobs. Each receives a chef's cap and apron.

Food and cocktails are picked up from a central "supply" table.

Two salesmen work together on each range, and each is assigned specific cooking jobs in the preparation of their meal. After preparing their meals, as outlined in the instruction sheets, they serve themselves, clear the tables and serve dessert. When all have finished, the sales supervisor closes the meeting on a friendly informal note.

This sales meeting procedure was devised to overcome the resistance that the average dealer and his salesmen have developed to the constant bombardment of sales training meetings. In some sections a series of three classes gave a chance for more thorough coverage of each cooking area of the range. Though more time and expense was involved, there was evident an increased interest each time, with greater value derived as the discussion, attention and questions mounted during each successive meeting.

These classes were done from March through December of 1952, in 10 locations in greater Los Angeles. In all, 44 classes were given for 667 dealers and their salesmen, with an attendance of 15 per class. The program has been enthusiastically accepted by dealers and salesmen alike.

## Dramatization carries force

By ELEANOR MORRISON

Home Service Director  
Michigan Consolidated Gas Company  
Grand Rapids, Michigan

Carrying out the role of home service as an integral and definite part of the sales organization, we developed a program for the dealer meetings that would: convey some of the enthusiasm of the homemakers who are using dryers; emphasize the need of selling on the basis of the many ways an appliance can save Mrs. Homemaker time, energy and money; and encourage dealers to send us the names of persons buying dryers so that we can make a home call of each of them.

We decided that a skit would be the best method of carrying these messages to the dealers and their salesmen. And since it seemed to us that "Every Family Needs a Dryer," we used that phrase for the title.

The skit was planned to bring out the

(Continued on page 37)

# Transmission conference set

Arrangements are nearing completion for the newest in the series of A. G. A. spring conferences: the first A. G. A. Transmission and Storage Conference, scheduled for the Edgewater Beach Hotel, Chicago, April 30-May 1, 1953. The Program Committee has been at work for some time and has arranged a program covering the every-day, ever-present problems which beset the man in the field.

While expected to succeed the former Spring Meetings of the now-dissolved Natural Gas Department, the conference is aimed more at personnel on the operating level, the engineers and technicians; pipeline and compressor station superintendents; and the men who perform the actual functions connected with measurement, communications, dispatching, corrosion control, gas processing, storage, and pipeline construction and maintenance. It is believed that the conference will fulfill an important need in the industry by providing a forum in which operating personnel can gather to exchange information and attempt to reach a solution of the problems which face them in their daily work.

Formal general sessions have been arranged as well as sessions which will provide for informal, off-the-record, down-to-earth discussions between men engaged in related activities.

Two morning general sessions will be presided over by Walter H. Davidson, general superintendent, Transcontinental Gas Pipe Line Corp., Houston, as the newly-appointed vice-chairman of the A. G. A. Operating Section, and conference Program Committee chairman.

The first general session will be opened by Frank C. Smith, A. G. A. president, and president, Houston Natural Gas Corp., Houston. Mr. Smith will welcome the delegates and explain the benefits to be derived by natural gas com-

panies from the organizational changes resulting from the revisions to the Association's Constitution and By-Laws.

R. A. Cattell, chief, Petroleum and Natural Gas Branch, U.S. Bureau of Mines, will present the Interior Department's Conservation Service Award to A. G. A., in recognition of its services in connection with the department's conservation activities. Mr. Cattell will also discuss the cooperative research activities of the bureau and the association, following which a report on "Instrument for Measurement for Water Vapor in Natural Gas" will be presented by a bureau staff member who has been working on the project.

The work of revising Section 8, on Gas Transmission and Distribution Piping, of the Code for Pressure Piping, ASA B31, will be explained by F. A. Hough, vice-president, Southern Counties Gas Co., Los Angeles. Mr. Hough is one of the two official A. G. A. representatives on the ASA Sectional Committee B31, and chairman of its Subcommittee No. 8, which is doing the revising. The phenomenon of brittle fractures in steel, which is of great concern to the gas industry, as well as many others, will be discussed by a speaker who has been collaborating with the subcommittee.

The session will close with a representative of the Columbia Gas System, Inc., presenting a case history of one of the company's underground storage facilities, from early exploration, through development, to present operation.

H. Carl Wolf, A. G. A. managing director, will open the second morning's general session. A report on the association's pipeline research program will follow, presented by Joe T. Innis, vice-president in charge of operations, Northern Natural Gas Co., Omaha, and chairman of the A. G. A. Pipeline Research Committee, successor to the Natural Gas

Department Technical and Research Committee. A report on one of the committee's research projects, "Testing of Large Diameter Orifice Tubes," will be presented by a member of the subcommittee supervising the tests.

Because of the shortage of engineers now facing the gas industry, a paper on the selection and training of engineering personnel will delineate the steps taken by one company to secure and properly prepare for important duties young engineering graduates and explain how other companies can follow suit.

The second annual "Report on Statistics on Underground Storage of Gas in the U.S." will be presented and analyzed by John B. Corrin, Jr., Hope Natural Gas Co., Clarksburg, West Virginia. He will speak as chairman of the Subcommittee on Statistics of the Committee on Underground Storage.

The current developments in gas turbines and centrifugal compressors will be reviewed in a paper by a representative of Clark Bros., who will explain what the future holds in the way of new types of compressors.

Closing the session will be F. M. Banks, A. G. A. second vice-president, and president and general manager, Southern California Gas Co., Los Angeles. He will discuss the relations between pipeline companies and the landholders through whose properties lines are constructed and operated.

Four parallel sessions will be held each afternoon of the two day meeting, and each delegate will have the choice of attending that session which most interests him. The sessions will begin at luncheon and continue as long as discussion warrants. A chairman will preside at each session, in some cases assisted by a panel of experts who will answer questions from the floor and lead the discussions. For the first afternoon, the following ses-



sions have been arranged:

Gas Processing, under Chairman T. S. Bacon, chief engineer, Lone Star Gas Co., Dallas;

Compressor Stations, under Chairman C. S. Kenworthy, general superintendent of compressor stations, Natural Gas Pipeline Co. of America, Chicago;

Corrosion, under Chairman A. D. Simpson, Jr., chief engineer, United Gas Corp., Houston;

Revising Pressure Piping Code, under Chairman F. A. Hough who, with other members of Subcommittee No. 8, will answer questions and discuss this work. This will supplement the morning general session presentation.

For the second afternoon, sessions will be held on the following subjects:

Underground Storage, under Chairman John V. Goodman, general superintendent of production and chief system

geologist, Equitable Gas Co., Pittsburgh, and chairman, A. G. A. Committee on Underground Storage;

Gas Measurement, under Chairman John E. Overbeck, assistant vice-president in charge of gas engineering department, Columbia Gas System Service Corp., Columbus, Ohio, and chairman, Supervising Committee for New Orifice Meter Report;

Dispatching and Communications, under co-chairmen Warren T. Bulla, superintendent of communications and dispatching, Natural Gas Pipeline Company of America, Chicago, and T. B. Kelley, superintendent of dispatching, Texas Eastern Transmission Corp., Shreveport;

Pipeline Construction and Maintenance, under Chairman J. W. Hall, pipeline superintendent, Transcontinental Gas Pipe Line Corp., Houston.

All delegates attending the various ses-

sions will be free to ask questions or to raise for discussion any topics which fall under the general subject heading.

The conference has been developed by a Program Committee which, in addition to Chairman Davidson, consists of: Julian L. Foster, general superintendent and chief engineer, Lone Star Gas Co., Dallas; F. A. Hough; John V. Goodman; Joe T. Innis; Frederick J. Pfluke, superintendent, gas operations, Rochester Gas and Electric Corp., Rochester, N. Y.; Channing W. Wilson, research chemist, Consolidated Gas Electric Light and Power Co. of Baltimore; with J. Stanford Setchell and Frederic Moshier, A. G. A., serving respectively as secretary and assistant secretary.

Requests for sleeping room accommodations should be sent direct to the Edgewater Beach Hotel, Chicago, as soon as possible.

## New financing by gas utilities declined during 1952

Total new financing by straight gas operating utilities during 1952 aggregated \$700 million, a decline of 22 percent from the peak amount recorded in the previous year. New financing during 1952 was, however, nearly as high as during 1950 and was 40 percent greater than the amount raised during the 1947-1949 period when the initial surge of post-war construction activity occurred. Declines occurring during 1952 were primarily due to a lessening of construction activity by pipeline companies.

Although total new financing by straight gas operating companies declined more than \$200 million, receipts from the sale of new common stock were 17 percent higher, aggregating \$64 million, while preferred stock flotations gained 27 percent to a total of \$94 million. This increased reliance upon equity issues caused the proportion of new capital derived from debt to drop to 77.4 percent whereas in the preceding year this percentage had been 85.9 percent and the typical post-war pattern had been consistently above 80 percent. Reliance upon private placements of securities was widespread with nearly two-thirds of the total straight gas operating company debt issues of \$542 million being placed privately rather than through public offerings.

Total financing by all gas companies during 1952 (including utilities distributing electricity as well as gas, and holding companies some of whom had subsidiaries with both electric and gas properties) totaled \$1,740 million, virtually the same amount as in the previous year. It is, of course, impossible to determine accurately what proportion of the financing consummated by combination gas and electric companies is attributable to the gas service functions as opposed to other utility services. As a result the Association, in its regular compilations, generally emphasizes the patterns experienced by those operating companies distributing gas only.

Declines in new financing during 1952 correspond closely with reductions in construction expenditures during the year. The Association's preliminary estimate of 1952 gas utility construction activity indicated a decline of approximately 20 percent from the levels experienced during 1951; although final data are not yet available, it seems probable that the actual decline was about 30 percent. The magnitude of such a decline corresponds closely to the percentage reduction in the volume of new financing for straight gas companies. Such comparisons are, of course, of limited analytical use since other factors such as depreciation accruals and retained

earnings must be taken into account in evaluating construction expenditure data.

The weighted average costs, to straight gas operating companies, of bond money during 1952 was 3.85 percent as compared to 3.37 percent in the preceding year while comparable comparison for debentures showed an increase from 3.95 percent to 4.26 percent. Preferred stock cost increases were less significant, advancing from 5.16 percent to 5.23 percent. These increases in cost were obviously greatly influenced by the general increase in the level of new capital costs which occurred in all branches of our economy during the past year. Such increases may have been part of the long-term postwar trend, tending to return to interest levels more nearly comparable to those prevailing before the war. The cost of bond money to straight gas operating companies last year was the highest for any year since 1938 while preferred stock costs attained their highest level since 1942. It must be remembered, of course, that cost computations from year-to-year are not strictly comparable since each year measures the market evaluation at that time of new securities which may be of considerably different investment quality since the composition of the issuing companies varies.

*National Conference of Gas and Electric Utility  
Accountants program shows results of inspiration and perspiration*

## The accountants' Chicago story

The National Conference of Gas and Electric Utility Accountants is headed for three bang-up days at the Sherman Hotel in Chicago, April 20, 21, 22.

With headline speakers like James F. Oates, Jr. at the opening general session, a ladies day program, those perennial, entertaining but educational sectional luncheons, some red hot panels and a few spots for shop talk—well, how can you possibly stay away?

So the ladies won't feel slighted let's talk about them first. Mr. and Mrs. W. D. Sweetman, The Peoples Gas Light and Coke Co., Chicago, will arrange for radio and television tickets for many of the current shows. A guided tour Tuesday afternoon will take the ladies to see Maxwell Street, Hull House, Bug House Square and many, many other spots.—AND—a full course dinner in Chinatown with a lovely corsage.

But let's get back to the general session Monday afternoon. The curtain will be raised by the ever-popular chairman and chief executive officer of The Peoples Gas Light and Coke Co., Chicago, James F. Oates, Jr., who will welcome the delegates. Your sights will be brought into sharp focus on recent regulatory trends by Spencer B. Eddy, commissioner, State of New York Public Service Commission. Diversion from figures and accounting concepts will be provided by Kenneth Haagen-sen, director of public relations, Allis-Chalmers Manufacturing Co., who will give you "The Human Side of our Business—Customer and Employee-wise."

Swept up as we are in a continuing

cost spiral, "Cost Consciousness in the Changing Economy" is a subject of particular importance now, especially as it will be portrayed by an authority such as Harold Quinton, executive vice-president, Southern California Edison Co., Los Angeles.



James F. Oates, Jr., chairman and chief executive officer, The Peoples Gas Light and Coke Co., will welcome delegates to the conference

Do you use the Huddle and Muddle System to select a new supervisor? George Callens of The Detroit Edison Co., sponsored by the Accounting Employee Relations Committee will show you in detail a down-to-earth, simple, effective way to make uncommon use of common sense in selecting a person for promotion.

Have you seen the newest office machines and equipment now available? More than 2,500 square feet of exhibit space will be packed with the latest devices designed to help you solve your

knottiest problems or break your most perplexing bottleneck.

Front and center for general and tax accountants will be the joint meeting of the General Accounting and Tax Accounting Committees. First hand, authoritative information on "The Difference Between Book and Taxable Net Income" will be given at this meeting by someone from the office of the commissioner of internal revenue, Chicago district. Of equal interest in these days of inflation, high taxes, new court rulings and generally changing times are "Modern Developments in Pension Plans" which will be discussed by H. F. Noneman of Whitman, Ranson, Coulson, and Goetz, attorneys, New York City.

The program of the General Accounting Committee for the Spring Conference is too extensive to cover in full in this article. Here are some of the highlights.

Recently some regulatory commissions have been advancing new theories as to rate of return which could seriously affect all utilities and are of particular concern to pipeline companies. E. B. Blease, Northern Natural Gas Co., Omaha, Neb., will discuss these developments and their relationship to interest capitalized during construction. Mr. Blease is a member of the Subcommittee on Capitalization of Indirect Costs.

The Subcommittee on Budgeting and Forecasting, D. W. Peterson, Minneapolis Gas Co., chairman, will present the "Do's and Don'ts of Budgeting," a panel discussion which is bound to pro-

voke an extensive discussion period.

J. C. Messer, The Peoples Gas Light and Coke Co., Chicago, and his Subcommittee on Methods and Procedures is developing for presentation at the conference a blue print of the operations of a methods department, and the development of a cost control program through a methods organization.

What are the plant accountants doing to simplify their record keeping of mass units of "inside" physical plant installed at various station locations? The rapid expansion of cross country

mains has taxed the recording of these facilities to the units "as defined," established in earlier years. A. J. Brodtmann, New Orleans Public Service Inc., and his committee will outline "Present Day Trends of 'Inside Plant' Units of Property."

Another highlight of the plant accounting meetings will be the discussion of questions raised from the audience. A panel of seasoned personnel with L. E. Reynolds, The Connecticut Light & Power Co., as moderator, promises to spark a lively session with

plenty of comments and debate.

Does management have at its finger tips a ready reference of plant by location, by facilities, and costs? C. A. Praxmarer, Michigan-Wisconsin Pipe Line Co., Detroit, and his committee will outline the preparation of plant reports which would furnish executives a ready source of utility plant data.

The accountants and the engineers will continue the "Battle of Theories on Depreciation Principles" with H. R. Flanagan, Philadelphia Electric Co.,

(Continued on page 42)

## If it's materials, you should be interested



Milwaukee's Schroeder Hotel will be the scene of the 1953 A. G. A. Purchasing and Stores Conference



C. Warner McVicar, director of purchasing and traffic of Rockwell Manufacturing Co., will explain the value of a purchasing manual



Eugene S. Page, American Machine & Foundry Co., will discuss problems of "Organization and Development of a Standards Program"

If you are concerned with any phase of materials—procurement, storing, distribution, and related accounting—you should be at the Schroeder Hotel, Milwaukee on April 13th through 15th for the American Gas Association Purchasing and Stores Conference.

John C. Sims, purchasing agent of The Brooklyn Union Gas Co., chairman of the A. G. A. Purchasing and Stores Com-

mittee, has arranged a program including material standardization, the purchasing department operating manual, unusual applications of material handling equipment, standard packaging and a roundtable discussion of purchasing, stores and related accounting problems.

"The Value of a Purchasing Manual to Purchasing and Management" will be presented by C. Warner McVicar, direc-

tor of purchasing and traffic of Rockwell Manufacturing Co. of Pittsburgh, Pennsylvania. You will want to hear how his company approached the problem of coordination of purchasing policies in a way which was quickly approved by management. Mr. McVicar has had broad experience in the organizational and administrative phases of purchasing, personnel training, and buying supervision. He has reorganized and streamlined the purchasing departments of three major companies. At present he is education committee chairman of the sixth district of the National Association of Purchasing Agents, and chairman of the education committee and director of the Purchasing Agents Association of Pittsburgh, Pennsylvania.

Since 1946 a subcommittee of the Purchasing and Stores Committee has been working on standard packaging of materials used in the gas industry. To date, emphasis has been on pipe fittings, nipples, and gas stops. A "Standard Packaging Report" by L. R. Michelsen, a co-chairman of this subcommittee and storekeeper of The Peoples Gas Light and Coke Co., will review the entire program and set forth plans for future activities.

H. T. Belcher, purchasing agent of Consumers Power Co., Jackson, Mich., is chairman of a subcommittee collecting standardization activities from several gas companies which have active standards programs. He will present these in a review of "Material Standardization in the Gas Industry."

The problems inherent in the establishment and maintenance of adequate standardization in individual companies will be presented and discussed in "Organization and Development of a Standards Program" by Eugene S. Page, American

(Continued on page 42)



*Industrial and commercial gas authorities and leading industrialists round out a value-packed three-day program*

## Form vital conference agenda

The 1953 A. G. A. Sales Conference on Industrial and Commercial Gas will be held at the Hotel Warwick, Philadelphia, April 13 to 15. Here, amid the historic surroundings of early Colonial America, representatives from the sales and utilization branch of the gas industry will meet for the three-day conference. Philadelphia is rapidly expanding its position as a leading industrial center, and will be an interesting place to visit. The Delaware Valley also has a vast number of manufacturing plants and varied industries, including the giant new Fairless Works of the United States Steel Corporation.

Experts in selling gas, prominent industrialists and leaders of the gas industry have been selected by the Programs and Papers Committee, of which F. T. Brooks is chairman, to present the papers on subjects vital to the problems facing the gas industry today.

The change in national leadership that is taking place has significant implications for all those who engage, or who plan to engage in sales activities. The views and facts that will be brought out at the several sessions should prove instructive to all. The future is bright for those who take advantage of the opportunities which the conference will offer, and show how the pressing questions of today may be handled while planning operations for the highly competitive future. Alert salesmen and sales managers are already planning to attend this highly important three-day meeting.

On Monday, Commercial Gas Day, the selected subjects and speakers invited

to present their views should prove to be a major attraction for early attendance. "Fry it Fast" will summarize the new A. G. A. Laboratories-developed idea of heat application to fry kettles and what impact it has had on the industry. This will be discussed by one who was most instrumental in having the fryer research project pushed through to successful completion—Roy E. Wright, director of gas sales, Negea Service Corp., Cambridge, Massachusetts. Those who are concerned with the development, sales and promotion of heavy duty cooking equipment will be particularly interested in the ideas of the president of the National Restaurant Association, J. Fred Vollmer, vice-president, The Stouffer Corp., Philadelphia. His topic is, "As I See You."

### Plan panel discussion

Departing slightly from established conference procedure, there will be a panel discussion on, "Automatic Lighting—Where Do We Stand?" Taking part in the panel will be: Terry Hart, Nashville Gas Co., moderator; James J. Condon, The Peoples Gas Light & Coke Co., Chicago; E. J. Horton, Robertshaw-Fulton Controls Co., Youngwood, Pa.; Paul Inskeep, Detroit-Michigan Stove Co.; and Tracy B. Madole, Magic Chef, Inc., St. Louis. Too many salesmen sell gas equipment on price alone when there are so many other favorable factors that would help to clinch the sale. R. S. Chapman of Atlanta Gas Light Co., and chairman of the Food Service Equipment Committee thinks that "selling perform-

ance" is the most important approach to a sale.

"What the Dealer Thinks of A Proof of Profits Campaign" will be presented by a well-known dealer who is president of the Food Service Equipment Industry, Inc.—Bryce C. Roby, president, Goodner-Van Co., Tulsa, Oklahoma. Another panel session on "What's Newest in Commercial Processing?" which will be participated in by: David M. Barrett, Washington Gas Light Co.; Sydney J. Cooper, Public Service Electric & Gas Co., Newark, N. J.; Chester L. Gillum, The Dayton Power & Light Co.; John D. Haverkamp, New Orleans Public Service, Inc. and George D. Marble, Michigan Consolidated Gas Co., Detroit.

At the general session, Tuesday, April 14, Hudson W. Reed, vice-president, The United Gas Improvement Co., Philadelphia, will give official greetings to the delegates from the host company and from the city of Philadelphia. Then Leon Oursoff, Washington Gas Light Co., chairman, Industrial and Commercial Gas Copy Committee, will introduce A. C. Evans, Ketchum, MacLeod & Grove, Pittsburgh, who will tell the assembled delegates the "Aims of Industrial and Commercial Gas Advertising and Publicity."

The award of certificates in the Industrial and Commercial Hall of Flame to those who have accumulated the required number of points during the past year, will be made by Section Chairman Terry Hart, during the Tuesday morning session.

Sales topics will be the theme of the

## Evaluate use of natural gas in chemical production



Meeting in Houston recently, the A. G. A. Chemical Processing Subcommittee compiled a list of chemical processes requiring the application of heat using gas as a fuel, and listed the various equipment of each operation. Members of the committee toured local chemical plants that use natural gas as a fuel and raw material. Committee Chairman W. S. Sims, left center, presided

Tuesday afternoon session with Hayes S. Walter, A. G. A., presenting the plans for "Commercial Gas Cooking Promotion." He will place particular emphasis on the sales campaign on commercial gas cooking, scheduled for this fall. George E. Whitwell, vice-president in charge of sales, the Philadelphia Electric Co., will point out to the delegates that "Our Job is to Sell." The closing feature of this session will be an inspirational address by L. E. Frailey, sales consultant, whose subject will be "Horse Sense is Sales Sense."

A friendship room reception by gas appliance manufacturers, and a dinner

with entertainment are social events that have always been a part of these conferences.

Subjects of particular interest to industrial gas men and gas company executives will occupy Wednesday, April 15, Industrial Gas Day. The opening paper will be presented by A. V. Leudemann of Mears-Kane-Ofeldt, Inc., to inform the delegates on "The Code of Ethics of Industrial Gas Equipment Division of G.A.M.A."

One of the fairly recent applications of industrial gas has been in the printing crafts field where gas has played a prominent part in speeding up production

through high speed ink drying. This technique will be discussed by Carl P. Mann, Selas Corp. of America. Another field where gas fuel can do an outstanding job, and which should be actively promoted by industrial gas men, is that of direct-fired spray drying. William M. Clelland, spray drying consultant will describe the drying process that can be applied to both food and industrial products.

"Heat Applications in the Chemical Industry" will be discussed by someone well versed in this highly specialized industrial gas application which is having mushroom growth throughout the Gulf Coast area. There are several schools of thought on the subject of "Industrial Gas Equipment Service as a Sales Aid" and Carl Wierum, assisted by Oliver Pritchard, both of The Brooklyn (N. Y.) Union Gas Co. will present the gas company viewpoint and Lawrence R. Foote of Bryant Industrial Division, Affiliated Gas Equipment, Inc., will present the manufacturer's viewpoint.

Concluding the industrial gas phase of the conference will be a paper on "Gas Applications in the Glass Industry" by Arthur H. Navarre of the Surface Combustion Corporation.

It is expected that this 1953 A. G. A. Sales Conference on Industrial and Commercial Gas, on April 13, 14, and 15, will be one of the largest ever held. A broadside with the advance program and information on hotel reservations will soon be mailed to members.

## Announce 1953 Commercial Gas Cooking Sales Campaign

Announcement will soon be made on the results of the Slogan Contest to select a title and slogan for the Commercial Gas Cooking Sales Campaign to be promoted during the months of September,

October and November this year.

Plans and materials will be reviewed at an early meeting of the Sales Promotion Subcommittee, C. C. Hanthorn, chairman. The Food Service Equipment Com-

mittee, E. V. Fineran chairman, has the over-all approval of this campaign and will meet during Restaurant Show Week in Chicago to work out the campaign details.

## Basic subjects on curricular of Industrial Gas School

The 1953 Industrial Gas School sponsored by the Industrial and Commercial Gas Section will be held during the week of May 4 to 8 at the Sheraton-Cadillac Hotel in Detroit. Full information on the course and the lectures, together with registration blanks will be in the mail in ample time to complete

arrangements to attend this biennial five-day course.

It is hoped that many industrial gas men will grasp the educational opportunities offered, by this school. Its curricula will include many basic subjects that are a "must" for the young gas en-

gineer, as well as a valuable refresher course for the more experienced.

Outstanding lecturers have been invited to conduct the classes. They will present those gas applications that are most important and which point out new trends in the use of gas in industry.

*Authoritative speakers and informal discussions  
to give thorough subject treatment at annual Technical Conference*

## Interest in conference grows

The 29th annual Distribution, Motor Vehicles and Corrosion Conference will present a valuable and informative program at the Hotel Sherman in Chicago on April 13th through 16th. Year by year this conference has proved of greater and greater value to operating men in the gas industry. Each succeeding conference has set a record for attendance, the one in Philadelphia last year breaking all records with a paid registration of over 1100. A combination of formal papers, and informal, off-the-record discussions at luncheon conferences, gives ample opportunity for thorough treatment of many important topics. Although the entire conference runs for four days the program has been so arranged that many of those attending will be able to cover the particular subjects in which they are deeply interested during a two or three day period.

The conference will be opened at 10:00 a.m., Monday, April 13th, by John M. McCaleb, chairman, Distribution Committee. His opening remarks will be followed by greetings, from James F. Oates, Jr., chairman of the board, The Peoples Gas Light and Coke Company. The Association's managing director, H. Carl Wolf, will keynote the importance of the activities to follow for the duration of the conference.

A "Review of the Research Program" being carried on under the direction of the American Gas Association will be followed by three reports of vital interest to all those concerned with safety. The first of these is the report of the Special Committee on Safety of the Operating Section, to be presented by its chairman, H. Bruce Andersen of the Philadel-

phia Gas Works Division of the United Gas Improvement Company. This committee is currently engaged in preparing specifications for the design and construction of a gas distribution system. F. H. Bunnell, Consumers Power Company, Jackson, Michigan, will present the report of his Special Committee on Specifications for the Operation and Maintenance of a Distribution System.

The morning session will conclude with a report by F. G. Sandstrom, Consolidated Edison Co. of N. Y., Inc. Mr. Sandstrom is chairman of the Sub-Group on Distribution of Subcommittee 8 of A.S.A. Sectional Committee B31. Subcommittee 8 is preparing a new American Standard for Gas Transmission and Distribution Piping Systems as a part of the American Standard Code for Pressure Piping.

Tuesday morning's general session will open with a paper by Fred Peters, assistant superintendent, meter bureau, New York State Electric & Gas Corp., Ithaca, on the "Metering of Fluctuating Gas Loads." This will be followed by a paper on the "Design of Odorization Equipment" and one on "Customer Service Policies." The final paper of the morning will be "The Use of X-Ray to Control Weld on Pipeline Construction" by Harold Hovland, Industrial X-Ray Engineers, Seattle.

Tuesday morning will also see a session on corrosion including the papers "Protective Value of Zinc Coatings for Iron and Steel in Soils" by Dr. I. A. Denison, National Bureau of Standards, Washington, D. C.; "Use of Plastic Tapes vs. Hot Coatings" by N. P. Peifer of The Manufacturers Light & Heat Co.,

Pittsburgh, Pennsylvania; and the "Evaluation of Soil Survey Data."

The Motor Vehicles Committee will also have a session on Tuesday morning at which there will be presented: "Factors Affecting Decentralization of Garages and Repair Shops," "Garage vs. Open Air Storage," "Mechanization of Shops to Reduce Labor Costs," "Penalties to Drivers and Equipment Operators," "Relative Merits of Compartment Heaters Sealing Compartment Doors Against Leakage," "Truck Chassis Selection," "Individual Cost Accounting," "To What Extent Should Repairs Be Done Outside," and "Report of Subcommittee on Safety and Safe Practices."

The general session on Wednesday morning will open with a demonstration by the American Telephone and Telegraph Co. dealing with the causes and prevention of gas hazards in all types of underground manholes. This will be followed by "The Principles of Fleet Management" by Theodore L. Preble, Tidewater Associated Oil Co., New York. "The Application of Cathodic Protection to Distribution Systems" by Carl R. Davis, Montana Power Company, Butte, will conclude the morning session.

James Webb of the Consolidated Edison Co. of N. Y., Inc., will open the Thursday morning general session with a paper on "The Proper Handling of Gas Meters." Next on the program will be P. K. Wallace, Oklahoma Natural Gas Co., Tulsa, speaking on "Control of Dust in Gas Distribution Systems."

Third on the program is "Policies in Replacement of Distribution Mains and Services" by W. K. MacMahon, of

*(Continued on page 37)*



## Completing sales conference details

Details and arrangements for two important sales conferences—the Midwest Regional Gas Sales Conference, Chicago, April 27-29, and the Eastern Natural Gas Regional Sales Conference, Pittsburgh, May 4-5, are being completed. Sponsored by the A. G. A. Residential Gas Section, these two annual conferences regularly attract wide attendance from the gas industry.

This year the conferences will feature tuned-to-the-times presentations and discussions of many of the sales problems now confronting the gas industry. Top-flight speakers within and without the industry have been

invited to address the conferences on all matters pertaining to the promotion and sale of residential gas service.

The Midwest Regional Gas Sales Conference will be under the direction of George D. Wells, The Gas Service Co., Topeka, Kansas. The Eastern Natural Gas Regional Sales Conference will be directed by Howard B. Yost, Hope Natural Gas Co., Clarksburg, West Virginia.

Further information and details regarding these conferences will appear in the April issue of the A. G. A. MONTHLY.

## Re-open gas short course

THE NORTH CAROLINA State College, Raleigh, will offer five one-month short courses in gas technology during 1953.

The program will give the student technical information concerning the various gases, their properties, behavior, problems of manufacture and transportation, and acquaint him with maintenance installation and repair of gas appliances. In addition, the student will receive training in safety practices, public relations and information on competitive fuels. Tuition Fee is \$100.

The schedule of courses is as follows: March 16 to April 10; April 20 to May 15; May 25 to June 19; June 29 to July 24; August 3 to August 28.

Further information can be obtained from Edward W. Ruggles, director, College Extension Division, North Carolina State College, Box 5125, Raleigh.

## Otto named to head '53 Convention Committee

ROBERT W. OTTO, president, Laclede Gas Co., St. Louis, has been appointed chairman of the A. G. A. General Convention Committee. The 35th Annual Convention will be held at St. Louis, Mo., October 26 to 28, 1953. Association headquarters, convention registration and all possible meetings will be held in the Kiel Auditorium.

Industry executives who will assist Mr. Otto in supervising the financing, housing, arrangements of the General Sessions programs and the scheduling of other convention events are: Eskil I. Bjork, president, The Peoples Gas Light and Coke Co., Chicago; Lyle C. Harvey, president and general manager, Affiliated Gas Equipment, Inc., Cleveland; J. T. Innis, vice-president, Northern

Natural Gas Co., Omaha; F. A. Lydecker, vice-president, Public Service Electric & Gas Co., Newark, N. J.; and James S. Moulton, vice-president and executive engineer, Pacific Gas & Electric Co., San Francisco.

Also appointed to the General Convention Committee were: Arthur Stockstrom, president, Magic Chef, Inc., St. Louis; Henry Tuttle, president, Michigan Consolidated Gas Co., Detroit; John A. Weiser, executive vice-president, The Newport Gas Light Co., Newport, R. I.; A. H. Weyland, president, Arkansas Louisiana Gas Co., Shreveport; and J. Theodore Wolfe, executive vice-president, Consolidated Gas Electric Light and Power Co. of Baltimore. Kurwin R. Boyes, secretary, A. G. A., will serve as secretary of the committee and convention manager.

To provide opportunities for members of like interests to be together, the Statler Hotel has been assigned as the headquarters of the Accounting Section; the Jefferson Hotel as headquarters of the Residential Gas and the Industrial and Commercial Gas Sections; and the Lennox and Mayfair Hotels as headquarters of the Operating Section. A. G. A. Headquarters and Press Room will be at Kiel Auditorium.



Robert W. Otto

## A.G.A. announces new publications

LISTED HERE are publications released recently by American Gas Association. Information in parentheses indicates audiences for which each publication is designed.

### PAR

● **PAR Briefs** (for gas industry executives). Sponsored by the PAR Committee, available from A.G.A. Headquarters, free.

### Research

● **Thermodynamic Properties of Nitrogen**—I.G.T. Research Bulletin No. 18 (for pipeline company executives). Prepared by O. T. Bloomer and K. N. Rao; available from A.G.A. Headquarters and the Institute of Gas Technology for \$3.50.

### Statistics

● **Monthly Bulletin of Utility Gas Sales**, December (for sales managers, statisticians, banks, investment houses, newspapers and appliance manufacturers). Prepared by

A.G.A. Bureau of Statistics, and available from New York Headquarters, free.

● **Monthly Bulletin of Utility Gas Sales**—January (same as above). Includes revision of gas sales indexes to 1947-1949 base period.

● **Quarterly Report of Utility Gas Sales**—Fourth Quarter 1952 (for all gas industry utilities, manufacturers). Prepared by A. G. A. Statistics Bureau, available from Headquarters, free. Represents best available preliminary data on gas statistics for calendar year 1952.

● **Survey of Residential Gas Service, by County** (for appliance manufacturers, distributors, gas companies). Prepared by and available from the American Gas Association Bureau of Statistics, \$5 a copy.

### Laboratories

● **Directory of Approved Appliances and Listed Accessories**—January 1953 (for utilities, manufacturers, dealers and code author-

ities). Available from A.G.A. Laboratories, Cleveland. Annual subscription: \$2.

● **American Standard Listing Requirements for Gas Conversion Burners for Domestic Ranges**—Z21.39—1953 (for manufacturers, utilities and code officials). Sponsored by A. G. A., available from Headquarters or Laboratories, \$2.00 a copy.

● **American Standard Requirements for Installation of Gas Conversion Burners in Domestic Ranges**—Z21.38—1953 (for manufacturers, utilities, code officials, gas equipment dealers and installers). Sponsored by A. G. A., available from Headquarters or Laboratories, 25 cents a copy.

### Safety

● **How Injuries to Gas Men Might be Avoided** (for operating and safety men). Sponsored by Accident Prevention Committee, available from American Gas Association Headquarters, 10 cents a copy.

# Industry news

## Ohio promotion plan a success during '52

**G**AS APPLIANCE dealers are substantially expanding their inventories and taking full advantage of The Ohio Fuel Gas Co.'s new promotion program aimed at boosting appliance sales, states Paul D. Miller, dealer sales manager of the utility.

Nearly 1,100 cooperating gas appliance dealers in the company's 49-county territory can utilize a well-planned, coordinated program for promoting quality gas appliances.

On May 12, 1952, Ohio Fuel announced it would liquidate its own appliance inventory by mid-August, and discontinue selling gas appliances. The company explained it would intensify efforts to promote gas appliance sales through dealers.

Since then, Ohio Fuel has made its showrooms available to manufacturers for the display of high quality, base load, gas appliances. Some 29 manufacturers and distributors are supplying 715 appliances on the show room

floors of Ohio Fuel's 61 offices. These appliances include 384 ranges, 120 dryers, 125 water heaters and 86 incinerators.

*Dollars for Dealers*, a colorful booklet prepared for dealers' information, lists the tangible and advisory services offered to dealers through the promotion program. Included are such sales aids as: free adjustment service on gas appliances sold; installation of gas appliances sold at a small charge where it is a problem for the dealer and within the facilities of Ohio Fuel; installation of gas appliances on dealers sales floors at no charge. Also, extensive advertising in newspapers, on radio and television and by poster on Ohio Fuel service trucks; exhibition of gas appliances at fairs and home shows; cooperative appliance sales campaigns and assistance to dealers with their own special promotions.

Ohio Fuel also assists dealers in the development and installation of sales aids on floors and in their showrooms. Gas appliances are placed in schools by Ohio Fuel and dealers benefit from the resulting sales stimulus.

In an aggressive radio and television advertising effort, Ohio Fuel paid for 1,525 hours during 1952. This included twice-daily radio newscasts in Columbus and Toledo, a daily home service program over a 10-station radio network, a daily television newscast and a daily televised homemaking show. There were also several special programs during the year.

As a result of the policy of installing appliances free on dealers' floors, over 400 have had at least one appliance installed.

Ohio Fuel's dealer sales and home service departments stage an annual traveling cooking school which visits some 60 communities in the state. In each community, gas appliance dealers cooperate closely by supplying gas ranges and dryers used in the school, participating in the donation of appliances as prizes, and by advertising the cooking school and gas

appliances.

The 1951-52 school played to 66,000 persons. Reports from the 1952-53 school, now underway, indicate that attendance is climbing by as much as 30 percent over last year.

During 1952, home service girls made over 65,000 personal calls on dealers or dealers' customers, compared to 26,000 during 1951. Over 44,000 were made in the six months after the sales department of Ohio Fuel was discontinued and the accelerated dealer promotion program started.

In its schools program, Ohio Fuel supplied ranges, refrigerators and dryers for home economics departments. The company has 1,000 ranges, 250 refrigerators and 50 dryers in schools where future homemakers can get acquainted with the advantages of natural gas and modern gas appliances.

The dealer sales department makes an effort to secure prominent display for gas appliances at fairs and home shows. During 1952, more than 100,000 persons visited gas appliance booths at these functions.

One of the most striking examples of the accelerated dealer sales department's success was the gas clothes dryer campaign which ran five weeks from October 27 through November. Sales of gas dryers from January through October of 1952 compared bleakly with the sale of electric dryers in Ohio Fuel's territory—2,995 gas dryers to 5,331 electric dryers sold during the 10-months period.

During the campaign, 1,601 gas dryers were sold against 1,586 electric dryers in Ohio Fuel's eight districts. In addition, three dryer distributors were stimulated to buy 73 television spot announcements at a cost of \$2,855.

Dealer Sales Manager Miller points to another change in dealer attitude saying, "Many electric appliance dealers who never sold gas appliances before have now started to stock and sell them."

## See continued high sales

**T**HE STRONG UPSURGE in production and shipments of domestic gas appliances will continue for at least six months of 1953. The trend, which started during the end of 1952 will reach sales peaks second only to the record volumes achieved in 1950.

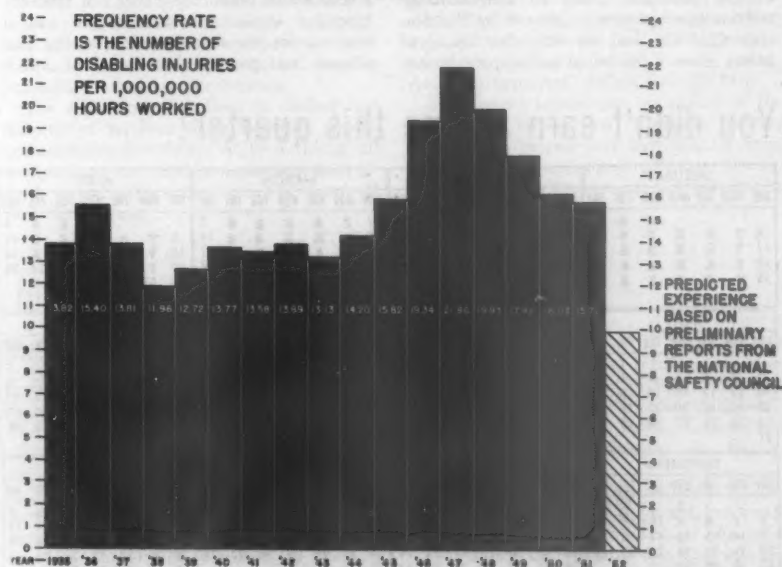
This business outlook was offered recently by the Gas Appliance Manufacturers Association in its annual marketing and statistical survey.

Edward R. Martin, GAMA's marketing director, reports that most substantial gains will be in gas fired incinerators and clothes dryers, primarily because of tremendously increased public acceptance and demand and also because 1952's material shortage problems have been overcome.

The report indicates a satisfactory, though not a spectacular, year with a comfortable margin between volume and the break even point.

Specific figures stated in the report indicate that gas-operated central heating equipment will total 767,000 unit shipments during 1953, a gain of 4.1 percent over the previous year, while domestic gas range shipments will rise 5.8 percent to 2,320,000 units. Other shipment estimates include: automatic gas water heaters will climb to nearly 2,000,000 unit shipments, a four percent gain, and gas recessed vented wall heaters will increase production volume by 17.1 percent.

## Chart shows accident decrease



This chart, prepared by the A. G. A. Accident Prevention Committee, shows that, during 1952, the gas industry produced the lowest frequency of employee accidents causing personal injury since records have been kept. Complete report, which will be issued in March 1953, reflects management's increased interest in accident prevention. Report will be available from A. G. A. Headquarters, New York City

## National gas industry Personnel Conference April 9-10

THE GAS INDUSTRY'S fifth national Personnel Conference will be held at Chicago's Edgewater Beach Hotel on April 9 and 10. The conference is sponsored each year by the A. G. A.'s Personnel Committee, Midwest Personnel Conference and Great Lakes Personnel Conference as well as the Southern Gas Association's Employee Relations Section.

L. A. Brandt, vice-president in charge of industrial relations, The Peoples Gas Light & Coke Co., Chicago, is head of the committee which is planning the program.

Highlights of the session include speeches by James F. Oates, Jr., chairman of The Peoples Gas Light & Coke Co.; Irving J. Lee, professor of Northwestern University; J. H. Schreiner, vice-president of Towers, Perrin, Forster and Crosby, Philadelphia.

Another outstanding feature will be a panel discussion on management and executive development, moderated by John E. Heyke, Jr., executive vice-president, The Brooklyn Union Gas Company. Panel members will be: W. R. Davis, vice-president and personnel manager,

Southern California Gas Co.; Matthew Radon, employee relations advisor, Standard Oil Co. of New Jersey; Richard Donham, director, graduate school of commerce and of the management institute, Northwestern University.

G. W. Fewkes, Philadelphia Electric Co., and chairman of the A. G. A. Personnel Committee, urges that conference reservations be placed with the Edgewater Beach Hotel immediately. The registration fee, covering conference, two luncheons and a social hour, is \$20.

## Rate Committee reviews natural gas rate problems

DISCUSSIONS OF PROBLEMS of gas distributing companies arising from natural gas rate increases were an important feature at the recent meeting of the A. G. A. Rate Committee in New York. B. P. Dahlstrom, Public Service Electric & Gas Co., Newark, chairman of the Rate Committee, presided. Stuart W. John, Commonwealth Services Inc., read a report prepared by a subcommittee which he heads, on the nature of such problems and various avenues of relief available to the distribution companies. The report included results of a recent survey of applicable provisions of state laws.

The committee also discussed the new general rule proposed by the Federal Power Commission relating to filing of natural gas rate increase applications which is intended to speed up action on applications for rate increases. Informal conferences have been held with FPC representatives and natural gas executives. Requests for further conferences at which distribution companies may be represented have been filed with the FPC.

It was suggested that the Rate Committee might undertake a study of the effects on rates of fringe services such as the installation, adjustment and servicing of appliances. A sub-

committee was appointed to study the matter further before recommending action by the Rate Committee.

L. R. Lefferson, Ebasco Services Inc., reported for a subcommittee which he heads, on training of rate personnel, listing qualifications deemed necessary in potential rate men. C. L. Follmer, Consolidated Gas Electric Light and Power Co., Baltimore, distributed copies of a proposed contract between the General Services Administration and a utility with some changes that had been secured. It is anticipated that the contract will be approved shortly.

## Report underground gasification development gains

IMPORTANT TECHNICAL advances in producing synthetic liquid fuels from coal and oil shale was a highlight of the Bureau of Mines' eighth year of activity.

One of the major developments in the underground gasification of coal was accomplished when the bureau, cooperating with the Alabama Power Co., installed and operated three unit underground systems at Gorgas, Alabama. Using an electrolinking-carbonization process originated by the Sinclair Coal Co. and the Missouri School of Mines to open the initial passage, the bureau

produced 1.1 million cubic feet of 83 Btu gas per day from the first unit, and an average of 212 million cubic feet of 95 Btu gas per day from the second and third units combined. Combustible gas was produced steadily during these operations for periods up to three months.

Operation of the third unit at Gorgas with alternate blasts of air and steam indicated the possibility of producing a 300 Btu synthesis-type gas. Gasification with oxygen was attempted for the first time late in the year. Oxygen was pumped into the third unit to

produce a synthesis type gas and although oxygen usage was high, it is believed it can be reduced in further work.

These experiments, which may permit the economic use of coal beds that cannot be mined profitably, are an important approach to direct coal gasification and have attracted international interest. Early in 1952, the bureau and Alabama Power Co. co-sponsored the First International Conference on Underground Gasification in Birmingham and Gorgas.

## You didn't earn a dime this quarter!

JANUARY							FEBRUARY							MARCH							APRIL						
SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT
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11	T	A	X			10	8	T	A	X			14	8	T	A	X			14	12	T	A	X			11
18	T	A	X			17	15	T	A	X			21	15	T	A	X			21	19	T	A	X			18
25	T	A	X			24	22	T	A	X			28	22	T	A	X			28	26	T	A	X			25
						31								29	T	A					26	27	28	29	30		
MAY							JUNE							JULY							AUGUST						
SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT
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SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER						
SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT	SUN	MON	TUE	WED	THU	FRI	SAT
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13	14	15	16	17	18	19	18	19	20	21	22	23	24	22	23	24	25	26	27	28	20	21	22	23	24	25	26
20	21	22	23	24	25	26	25	26	27	28	29	30	31	29	30						27	28	29	30	31		

The Chamber of Commerce of the United States graphically depicts latest government reports that 1953 total federal, state and local taxes will be about \$90 billion, or 30 percent of the national income

## Plan further record growth

NATURAL GAS COMPANIES plan to spend more than \$53,000,000 in 1953 for improvement and expansion of gas service in western Pennsylvania. This figure, quoted by the Pennsylvania Natural Gas Men's Association, represents an average capital outlay of approximately \$59.00 for each of the more than 900,000 natural gas consumers in the area. It means another year of record-breaking growth in natural gas facilities and service that has been in progress since the end of the war.

More than one-half the 1953 total of planned capital expenditures (\$26,748,500) is budgeted for additions to the growing network of transmission pipelines and continued expansion of underground gas storage reservoirs to meet the winter peak-load demands for gas space heating. Utility member-companies of the PNGMA already operate 52 underground storage pools, more than exist in any other state.



## Mid-West convention dates

THE MID-WEST GAS Association will hold its 48th annual convention at the Broadmoor Hotel, Colorado Springs on March 30, 31 and April 1.

E. E. Baxter, vice-president of the association, announces an outstanding program. The speakers will be: Frank C. Smith, president of American Gas Association and of Houston Natural Gas Corp., who will deliver a message from A.G.A.; Frank Henke and Mr. Johnson of Harper-Wyman Co., who will talk on "Gas vs. Electricity;" J. J. Hedrick, president, Natural Gas Pipeline Co. of America, who will discuss "Underground Storage of Natural Gas;" Alfred L. Dowden, Liberty Mutual Insurance Co., who will speak on "Public Safety and the Gas Industry." Also on the program are Robert W. Hendee, president of Colorado Interstate Gas Co., Colorado Springs; Miss Julia Hunter, home service director, Lone Star Gas Co., Dallas; L. E. Clancy, Detroit Michigan Stove Co.; Ernie Olson, K.K. Co., Inc., Omaha, who will discuss "Gas Incinerators, Sales and Service;" M. A. Ennis, National Committee for LP-gas Promotion, who will talk on "Employee Training;" and James F. Donnelly, vice-president, Servel, Inc.

## Pipeline Research Committee lays 1953 plans



Continuing and proposed research projects, each a PAR activity, were reviewed and the 1953 research program determined at the organization meeting of the A. G. A. Pipeline Research Committee, Chicago, December 15. Present at the meeting were, sitting, B. D. Goodrich, J. L. Thompson, C. F. deMay, H. L. Stowers, J. T. Innis, chairman, John H. Carson and E. F. Schmidt. Standing are Stephen A. Bergman, Donald R. Pfug, Clyde D. Alstadt, G. B. Lowther, Ray T. Wells, Preston Parks, J. F. Richelmann, O. W. Clark, Warren T. Bulla and T. L. Robey

## State monopoly of Italian gas resources proves costly

NATURAL GAS WAS in the international news spotlight last month, as the result of an editorial by Edmund Stevens, chief of *The Christian Science Monitor's* Mediterranean news bureau.

The editorial, one of a series to show the results of America's multi-billion dollar aid program in Europe, tells of the state vs. private enterprise fight being waged over natural gas in Italy.

The discovery of rich natural methane gas deposits in the Po Valley, Mr. Stevens points out, is by far the "most significant single event in Italy's postwar economic development."

Despite a hot fight to gain control of the deposits since their discovery, the government's petroleum corporation, *Azienda Generale Italiana Petroli* (AGIP), is now in full possession of the battlefield. This gradual encroachment started years ago, in 1926, when

the Italian government decreed that private capital's desultory prospecting was accomplishing little if anything. The government started out, merely to coordinate prospecting and exploration. Today, it controls major sources, and has a virtual monopoly of all natural gas distribution.

At present, about 2,000 miles of pipeline convey AGIP's gas to the industrial centers of the North. Mr. Stevens points out that the gas sells at a base price *seven times the U.S. figure*, plus high delivery charges. Italian industrialists and private entrepreneurs now complain that these high rates are slowing production, retarding development.

The controversy has been so heated that no attempt has been made to secure American aid funds directly for AGIP. Drilling, oil well, refinery and pipeline equipment came almost entirely from America, and were all paid for in cash.

Although these dollars came out of the Italian treasury, the editorial reveals, "they were replaced somewhere along the line by American funds."

Had private capital financed natural gas development in the beginning, the state funds spent for this purpose would have been freed for use elsewhere to good advantage.

American private enterprise, namely the oil companies, had been willing and anxious to invest in the Po Valley natural gas development. They complain however, that the Italian state refused legitimate aid from American private capital even while it was getting American taxpayers' dollars through ECA.

Mr. Stevens summarizes his review of the situation by stating that "American postwar aid to Italy helped save that country from Communism. It also produced other, less expected results." The natural gas paradox, it seems, is one of them.

## Natural gas problems to highlight NEGA convention

THE 27TH ANNUAL MEETING of New England Gas Association will be held in Boston's Hotel Statler on March 26-27. Highlighting the program will be New England's natural gas operating and sales problems.

Featured speakers in the first session are: Frank C. Smith, president of American Gas Association and president, The Houston Natural Gas Corporation; Clark Belden, New England Gas Association; James F. Donnelly, vice-president in charge of sales, Servel Inc., and president of Gas Appliance Manufacturers Association; Sherman R. Knapp, president of New England Gas Association and president of The Connecticut Light & Power

Co., Berlin.

The second session will be devoted to operating experiences with natural gas. A panel, moderated by Andrew W. Johnston, engineer of distribution, Boston Consolidated Gas Co., will discuss mains and services; utilization and meters; gas conditioning and production.

The Friday morning session will be spearheaded by Martin J. Coughlin, secretary and assistant treasurer, The Hartford Gas Co., and past-chairman of NEGA Accounting Division, who will discuss "Budgeting and Control."

Other speakers and their topics are: Roy E. Wright, director of gas sales, NEGA Service Corp., Cambridge, second vice-president,

NEGA, "What Sells Gas?"; Virgil L. Rankin, director of public relations division, Boston University School of Public Relations and Communications, "Public Relations"; E. H. Eacker, president, Boston Consolidated Gas Co., first vice-president, A. G. A., "Safety."

The final session will be devoted to a panel "Increasing Gas Sales." The panel, moderated by J. J. Quinn, vice-president in charge of sales, Boston Consolidated Gas Co., will discuss the changed sales emphasis required by natural gas; promotion and advertising; merchandising and manpower.

## French gas men visit Long Island utility



Two French gas utility executives recently visited Long Island Lighting Co., Mineola, N. Y. under A. G. A. sponsorship. Visitors are Robert Blom, who runs gas and electric utility in Southwest France and Louis Beaudet, whose utility operation serves about one million customers. Guests and hosts are (l. to r.): Mr. Blom; Howard B. Wakeman, Long Island Lighting's assistant vice-president; Mr. Beaudet, and Edward C. Duffy, vice-president in charge of operations for the Long Island utility

## Honor Ohio's safety record

THE 3500 EMPLOYEES of Ohio Fuel Gas Co., Columbus, have been awarded the George S. Young industrial safety plaque for working nearly eight million hours last year with an average of only one disabling injury out of every one million hours.

The Young Award was part of a competition among the Columbia Gas System's Pittsburgh, Charleston and Columbus groups and the Preston Oil Company. It was made to the group having the greatest reduction in industrial accident rates.

That same average has placed the Ohio utility employees first in the national picture among 11 utility companies competing for the National Safety Council award in March. Ohio Fuel has won the national contest 11 times in the last 15 years.

Based on a five-year average from 1947 to 1951, Ohio Fuel's disabling accident rate was 2.22 persons for every one million hours of work.

Last year, Ohio Fuel employees had an accident frequency rate of 1.03 persons for every one million hours of work, a reduction of 53.6 percent over the five-year average.

Founder of the award, George S. Young of New York, president of the Columbia Gas System, Inc. made the presentation January 28.

## Seattle chamber urges natural gas for Northwest

THE SEATTLE CHAMBER of Commerce has officially endorsed utilization of United States natural gas in the Pacific Northwest, with Canadian gas to be used only as an extra supply when available.

The resolution followed a report of a chamber committee which made a special study of the natural gas controversy. The study was part of a survey of the critical Northwest

power situation.

Conclusions drawn up were: all communities in Washington State should be served; there should be no prejudice solely because of source; the Northwest should have a reliable source at a fair price.

The chamber went on record as favoring the Pacific Northwest Pipeline Corp. plan, which proposes to bring natural gas from

U.S. sources, and to serve both eastern and western Washington.

Companies proposing to bring gas to the Northwest from Canada are the Westcoast Transmission Inc. and Northwest Natural Gas Company.

Federal Power Commission hearings will be renewed on February 16 in an attempt to settle the question.

## FPC okays transmission expansions and rate increases

CONSTRUCTION OF NATURAL gas transmission facilities, designed to add more than 1.25 billion cubic feet of daily delivery capacity to the nation's individual pipeline systems, was authorized by the Federal Power Commission during the last half of 1952.

FPC Chairman Thomas C. Buchanan reports that the new facilities authorized during this period involve 2,232 miles of pipeline at a total estimated cost of \$174,055,234.

The largest single authorization during the six-month period was for Texas Gas Transmission Corp., Owensboro, to construct and operate 408 miles of 26-inch loop line in segments on its main line system as well as 26,860 hp in new and existing compressor stations. The entire Texas Gas project is estimated to cost \$33,752,705 and is designed to increase delivery capacity by 295 million cubic feet per day.

Other major projects are expected to benefit 78 cities of 50,000 population or over in 17 states.

### New construction

Permian Basin Pipeline Co., Chicago, and Northern Natural Gas Co., Omaha, have sub-

mitted revised plans for Permian to construct a pipeline system in Texas and New Mexico for the transportation of 300 million cubic feet of natural gas per day, and for Northern to increase its system capacity to receive the gas.

The amended applications filed by the two companies reduce the amount of construction and the cost of both projects, but provide for the delivery of the same volumes of gas as originally proposed.

Permian now plans to construct a total of 163 miles of pipeline and 66,000 hp in compressor units in Texas and New Mexico at an estimated total of \$40,269,000. The amended application eliminates the construction of, among other things, almost 245 miles of pipeline proposed in the original application.

Both the Permian and the Northern projects are to be carried out over a two-year period, with 200 million cubic feet of gas per day to be delivered the first year and 300 million cubic feet daily the second year.

Applications have been filed by Pacific Gas and Electric Co., San Francisco, and jointly

by Southern California Gas Co. and Southern Counties Gas Co. of California, Los Angeles. The applications request FPC authorization for the construction of natural gas transmission facilities to transport additional gas proposed to be received from El Paso Natural Gas Company.

Pacific Gas and Electric plans to build about 170 miles of 34-inch main line loops and 15,000 hp in compressor capacity. The company also proposes to connect service to Boron, to supplement service to the Bakersfield area and to increase the line capacity to its East Bay distribution system. Estimated cost of the project is \$26,981,851.

### Rate increases

A suspended \$10,500,000 annual wholesale natural gas rate increase by Texas Gas Transmission Corp., Owensboro, has been made effective upon application by the company as of January 8 subject to the posting of a one million dollar bond with the FPC and subject to the refund of any amounts subsequently disallowed by the FPC.

## Find use for spent oxide in paper and pulp production

**SPENT OXIDE**, a sulfur-containing waste product resulting from the purification of manufactured gas, is now being used in the production of paper and pulp.

Long a drug on the market, this substance results after manufactured gas is passed through a mixture of iron oxide, wood chips

and moisture, for removal of sulfur compounds. When fouled, due to accumulation of sulfur compounds, the spent oxide was formerly removed and dumped out at sea.

The sulfur content of spent oxide is as high as 50-60 percent, and with proper handling, can be burned to sulfur dioxide in a kiln.

The sulfur dioxide so produced can be used in paper production, or converted to sulfuric acid.

Development of the techniques to convert spent oxide to this basic, needed raw material has been accomplished by S. Schwartz and Associates, consulting engineers, New York.

## ASA adopts new gas industry standards

**THE AMERICAN STANDARDS** Association, Inc., approved 87 standards in 1952, bringing the total American Standards in effect to 1264.

Newly-approved standards of particular interest to the gas industry included: gas trans-

mission and distribution piping systems, B31.1.8-1952; approval requirements for domestic gas ranges, Z21.1-1952; listing requirements for automatic valves for gas appliances, Z21.21-1952; addenda Z21.10b-1952 to American Standard approval requirements for

gas water heaters, Z21.10-1950 and addenda Z21.10a-1951; addenda Z21.13.2a-1952 to American Standard approval requirements for central gas heating appliances—Vol. II, Z21.13.2-1951.

## Threatened "branding" of indolent salesmen effective

**A NOVEL SALESMEN'S** contest idea promoted sales for Seattle Gas Co. during the 1952 Old Stove Round-Up. In the six-week contest, called the "brand" new range campaign, each salesman was given a rubber stamp brand with his own initials. Each time a range was sold, the "brand" was stamped on a contest board which showed each salesman's name, and quota number.

Up to his quota of 13, each salesman re-

ceived a dollar bonus for every brand placed on the board. After that, the value tripled. Each week of the six, a special prize of \$5.00 went to the "top brander," and all who had "branded a critter" during the week were eligible for a chance at a special \$5.00 pot.

A "red hot" branding iron provided the climax of the kickoff meeting. This iron carried the initials of Norbert O. Fratt, vice-president in charge of sales.

Heated backstage on a "CP" gas range, this glowing red branding iron was displayed . . . with a promise from Foreman Fratt to keep it constantly red hot, ready to brand the seat of any salesman's pants who failed to make his quota!

Result: 107 percent of the quota was reached. Salesmen received \$231 in prize money.

## House organ published for New England utilities

**THE FIRST ISSUE** of *NEGEA News*, the New England Gas & Electric Association's new house organ, was published on December 15, 1952. The six-page tabloid, which is being written by and for the association's employees, will reach about 2,500 workers, pensioners and men on military leave.

F. D. Campbell, president of NEGEA, stated, "*NEGEA News* marks a milestone in the growth of our family of gas and electric companies. . . . (It) is the result of a long felt and often expressed desire among our people to know what is going on in the system, especially about our fellow workers."

The newspaper will report news about gas and electric utilities in Kittery, Me., Portsmouth, N. H., Worcester, Dedham, Hyde Park, Milford, Cambridge, Plymouth, New Bedford, Hyannis and Martha's Vineyard, Massachusetts.

## PG&E projects upping delivery 75 percent

**WITH THE INTENT** of increasing out-of-state deliveries of natural gas by 75 percent in the next year, Pacific Gas and Electric Co., San Francisco, has started work on the first of two projects to enlarge the Super Inch line.

The projects call for bringing 700 million cubic feet of natural gas to the utility's territory, compared to the 400 million cubic feet now being delivered.

Crews are at work on the first step of the expansion, constructing four long paralleling sections which will total 86 miles and which are scheduled for completion by next winter. Application for a permit to loop another 170 miles is now before the Federal Power Commission in Washington, with the company schedule calling for this to be finished as early as possible in 1954.

Increased capacity of compressor stations, which keep pressures high in the 34-inch, 502-mile-long line and its paralleling sections, is part of the project. Super Inch is the world's largest-diameter high-pressure natural gas pipeline.

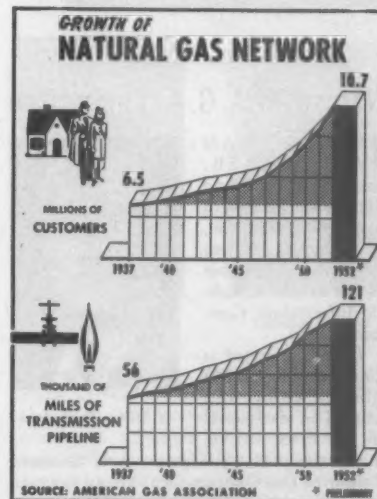
"Since our customers began receiving out-

of-state natural gas three years ago, the demands have more than doubled," Norman Sutherland, vice-president and general manager, said in disclosing PG&E's latest big post-war project. "We anticipate a continually increasing demand, because of population growth in the area we serve and because of the related domestic, commercial and industrial growth factors."

PG&E started natural gas distribution in 1929, one year after discoveries in the Kettleman Hills fields. Subsequent discoveries elsewhere raised the daily deliveries of California fields to 400 million cubic feet daily as of 1950, when the first out-of-state gas was received.

The company presently is getting 400 million cubic feet daily, about half its requirement from the Permian Basin in southwestern Texas and southeastern New Mexico and from the San Juan Basin along the border of Colorado and New Mexico. By next winter this delivery will be increased to 550 million cubic feet a day, and in 1954 to 700 million. The gas is delivered to the Arizona-California border by El Paso Natural Gas Company.

## Industry expansion



Since 1937 utility gas lines gained more new natural gas customers than in the previous decade, while pipeline footage more than doubled



## Consolidated subsidiaries promote five top-level executives

**F**ENTON H. FINN has been elected president of New York State Natural Gas Corp., a Pittsburgh firm which wholesales gas to many major distributing utilities in Pennsylvania and New York.

At the same time, it was announced that John J. Jacob, Jr., has been elected executive vice-president of New York State's sister company, The Peoples Natural Gas Co.; that A. H. Forbes is now vice-president of New York State Natural. Also, Edward C. Inghram has been named general superintendent, and John S. McElwain has been appointed sales manager of New York State Natural.

Mr. Finn was previously vice-president of New York State Natural Gas Co., and system geologist of all Consolidated Natural Gas Co. subsidiaries.

Mr. Finn began his term of service with Columbia Gas & Electric Co. as a field geologist in 1928. He served as a geologist for both



Fenton H. Finn



John J. Jacob, Jr.



John S. McElwain



Edward C. Inghram



A. H. Forbes

Peoples and New York State Natural during 1934-36; was appointed chief geologist for the two companies in 1936 and in 1943 was named system geologist for Consolidated. Mr. Finn was elected vice-president of New York State Natural in January 1951.

He is current chairman of the American Gas Association's Underground Gas Storage Committee. For many years, he has been prominently associated with many national and local gas and oil associations. He holds a bachelor of science degree and the professional degree of engineer of mines from Carnegie Institute of Technology.

Mr. Jacob began his 30-year career with the company in 1922 as a civil engineer. In 1936, he was appointed chief civil engineer.

He was successively elected a member of People's board of directors in 1938; executive assistant to the president in 1939, and vice-president and assistant manager of Peoples and of the New York State Natural Gas Corp. in 1942.

Mr. Jacob was president of the Natural Gas Men's Association of Western Pennsylvania in 1951, and has been prominently associated with A. G. A. activities for many years.

He is a civil engineering graduate from West Virginia University.

Mr. Forbes, newly appointed New York State vice-president, was until January 1953,

associated with other Consolidated System subsidiaries.

He began his service with The East Ohio Gas Co. as an assistant rate engineer in 1936 and was subsequently made rate engineer in May 1947. At the time of his most recent appointment, he was serving as chief gas dispatcher for the entire Consolidated System at Clarksburg, West Virginia.

Mr. Forbes holds a civil engineering degree from Case Institute of Technology. He, too, is a member of American Gas Association.

Mr. Inghram, now general superintendent of New York State Natural Gas Corp. was formerly superintendent of production and storage. He joined the company 21 years ago in the Tioga district. In 1938 he was promoted to superintendent of his district, and in 1946 he was made assistant superintendent of storage for The Peoples Natural Gas Company.

More recently, Mr. Inghram has supervised work on the Oakford Storage Pool, largest underground storage project in the world. Mr. McElwain was previously assistant sales manager of Peoples Natural Gas. Since he joined the company in 1936, he had served as an engineer in the industrial sales section, as sales promotion manager, and since 1952, as assistant sales manager. He is a graduate of Lehigh University. Mr. McElwain, too, is a member of American Gas Association.

Personal  
and  
otherwise

## Named to A. G. A. committee

**J**AMES T. VAN RENSSLAER, manager of news and publications, Southern California Gas Co., Los Angeles, has been appointed a member of the A. G. A. Public Information Committee.

He was educated at University of California, Berkeley, and worked on newspapers in San Francisco. He joined the publicity department of Southern California Gas Company in 1937 and has been editor of publications since 1942. He is a past-president, Southern California Industrial Editors Association and past vice-president, International Council of Industrial Editors.



J. T. Van Rensselaer

## Dr. Egloff wins high professional engineering honor

**D**R. GUSTAV EGLOFF, petroleum scientist and director of research for Universal Oil Products Co., Des Plaines, Ill., has been presented with engineering's foremost honor, The Washington Award for 1953.

The presentation was made February 23 in Chicago, by Ovid W. Eshbach, president, Western Society of Engineers and dean, Technological Institute, Northwestern University.

The Washington Award is conferred by a commission representing the American Society of Civil Engineers, American Institute of Electrical Engineers, American Institute of Mining and Metallurgical Engineers, American Society of Mechanical Engineers and the Western Society of Engineers. It is given to the year's outstanding engineer.

Dr. Egloff, one of the world's foremost authorities on petroleum, is being honored "for distinguished leadership in research

and development in professional activities and community services." He is the author of more than 600 articles and 11 books relating to petroleum research. Last October, at the A. G. A. Convention in Atlantic City, he was featured as a General Sessions speaker.

In receiving the Washington Award, Dr. Egloff joins world-famous engineers including Herbert Hoover, Orville Wright, Charles Kettering, Ralph Budd, Henry Ford, Arthur Compton, Vannevar Bush, Karl Compton, Wilfred Sykes, and Dr. Henry Heald.



Dr. Gustav Egloff

## Long Island Lighting promotes Barrett, Doeblner and Duffy

**ERROL W. DOEBLER** has been elected president and chief executive officer of Long Island Lighting Co., Mineola, New York. Mr. Doeblner succeeds Edward F. Barrett, former president who has been elevated to chairman of the board. Edward C. Duffy, formerly assistant vice-president in charge of electric operations, was elected operating vice-president to succeed Mr. Doeblner in that position.

Before joining the Long Island Lighting Co. in 1927, Mr. Doeblner had been employed by the Portland Cement Association, the engineering firm of Hazen, Whipple and Fuller, and Swarthmore College. While on the Swarthmore College faculty, he practiced as a consulting engineer and partner of Weston E. Fuller.

His first position in the utility field was that of assistant business manager of Long Island Lighting Co. and two former affiliates, Nassau and Suffolk Lighting Co. and Long Beach Gas Company. Subsequently, he was made business manager of Nassau County division.

In 1937 he was appointed general operating manager in charge of gas and electric operations, engineering and construction of Long Island Lighting, Nassau and Suffolk Lighting, and Long Beach Gas. He was named vice-president of Nassau and Suffolk Lighting Co. and Long Beach Gas Co. in 1940, and Long Island Lighting in 1941. In 1944 he was appointed vice-president of Queens Borough Gas and Electric Co., at which time his duties as operating vice-president became systemwide.

Mr. Doeblner is a graduate of Cornell University. He is a member of American Gas Association, and before its dissolution this year, was active in the affairs of the Manufactured Gas Department. He is also a member and director of Edison Electric Institute.

Mr. Barrett, who has been the company's president for 15 years, began his career in the real estate field, in which he served as deputy chamberlain, City of New York. He entered the banking business with the National City Co. of New York and eventually became a vice-president of National City Bank of New York.

He became affiliated with the Long Island Lighting Co. in 1934 as financial vice-president and director. He was also elected a director of the Queens Borough Gas and Electric Co. and Nassau and Suffolk Lighting Company. In 1937 he was elected president of these three companies.

In his new position of chairman of the board, Mr. Barrett will continue to take active part in formulation of company policies and will act as chairman of the committee which supervises the investment of employee pension funds.

Mr. Barrett, in addition to his public utilities activities, is active in the banking field. He is first vice-president and trustee of the East River Savings Bank and a director of the Public National Bank & Trust Co., New York, and a director of Nassau County Trust Co., Mineola. He is a vice-president and a director of the Utilities Mutual Insurance Co. and serves as a governor representing the public on the New York Curb Exchange.

Active in American Gas Association, Mr. Barrett has been treasurer since 1946, and serves also as an ex-officio member of the Promotion, Advertising and Research (PAR)



E. F. Barrett



Errol W. Doeblner



Edward C. Duffy

Committee. He is a member of the Advisory Committee, Edison Electric Institute.

Edward C. Duffy, the new vice-president, was graduated from the University of Notre Dame in 1930 with a mechanical engineering degree.

After his graduation, he joined the engineering staff of Consolidated Edison Co. of New York, where he remained for 11 years. In 1942, he transferred to Long Island Lighting Co. as a mechanical design engineer, and three years later was appointed superintendent of the generating section and substations of Queens Borough Gas and Electric Company.

In 1948, he was named staff engineer in the production division of Long Island Lighting Co. and the following year, he was selected to be production manager and assistant operating manager. He was promoted to the position of electric operating manager in 1950. Later that same year, he was elected an assistant vice-president. Last year he was given further responsibility when he was named to manage the system's gas and electric operations.

Mr. Duffy is a member of the Society of Mechanical Engineers and also of the Institute of Electrical Engineers.

## Award prizes in A. G. A.-GAMA Exposition Essay Contest

**H. R. ZEAMER**, sales promotion manager, Philadelphia Gas Works Division of The United Gas Improvement Co., has been awarded first prize, a \$200 U. S. Defense Bond, in the Exposition Essay Contest. The contest was sponsored by the American Gas Association and the Gas Appliance Manufacturers Association in conjunction with the 1952 A. G. A. convention at Atlantic City, October 27 to 30.

Second prize, a \$100 U. S. Defense Bond, was won by H. W. Nicolson, general superintendent of distribution, gas department, Public Service Electric & Gas Co., Newark, New Jersey. Kenneth Fellows, secretary, Houston Natural Gas Corp., was awarded a third prize, a \$50 U. S. Defense Bond.

Merit awards consisting of \$25 U. S. Defense Bonds were presented to 12 additional contestants for excellent papers. This group of winners included Louis Brunell, The Greenwich (Conn.) Gas Co.; J. R. Delaney, The Cincinnati Gas & Electric Co.; H. F. Foley, The Peoples Gas Light & Coke Co., Chicago; Ray C. Hazlett, Minneapolis Gas Co.; Edwin B. Kindelan, Boston Consoli-

dated Gas Co., and William J. Lukacik, Central Hudson Gas & Electric Corp., Newburgh, New York.

Also chosen as winners were: Herbert H. McMurray, Washington Gas Light Co.; Frank C. Pesvey, Public Service Electric & Gas Co., Newark, N. J.; Kenneth R. Knoblock, New Jersey Natural Gas Co., Asbury Park, New Jersey; John F. Short, Philadelphia Gas Works Division of The United Gas Improvement Co.; W. S. Walker, Consolidated Edison Co. of New York, Inc.; and M. O. Wiggins, Virginia Gas Distribution Corp., Staunton, Virginia.

Judges for the contest were William W. Clark, editor, *Gas Magazine*; Harold Springborn, executive editor, *Gas Age*; and Elliott Taylor, editor, *American Gas Journal*. An-



Harold Zeamer



H. W. Nicolson



Kenneth Fellows

nouncement of the awards was made by Frank C. Smith, president, Houston Natural Gas Corp., and president of A. G. A. The contestants submitted papers on what they had seen and learned at the exposition of gas appliances and equipment staged by GAMA at the recent convention. The prizes were donated by the Gas Appliance Manufacturers Association.

## Hartson is honored by Equitable for distinguished service

**W**HEN D. P. HARTSON, vice-president and general manager of The Equitable Gas Co., Pittsburgh, retired recently, the company honored him by naming its newest and most modern compressor station after him.

The honor was bestowed because of Mr. Hartson's major contribution during his long career with Equitable: the leadership, foresight and planning that led to the development of the company's vast underground storage program. The new 3,300 hp. compressor station was constructed in 1952 at a cost of \$1,143,000 in Washington County, Pennsylvania.

Approximately 22 years ago, Mr. Hartson initiated the study of storage possibilities in depleted gas wells. Initial operations, begun in 1934, were located at the Fineyville Gas Storage Pool. The Equitable Co. thus was one

of the pioneers in underground storage practices in the Appalachian area, and the first major gas company to serve repressurized gas to Pittsburgh. From that beginning, the operation grew until Equitable now has 137 storage wells in which 25 billion cubic feet of gas are stored.

Mr. Hartson, a 1913 graduate of Colgate University, joined Equitable in 1920 as a distribution engineer. Since then, he has held various positions including gas engineer, superintendent of production and transportation, manager of system development department. Since 1938 he has been a director of the company.

Active in American Gas Association, Mr. Hartson was chairman of the Technical Section in 1941. In 1945, he was elected chairman of the A. G. A. National Advertising

Committee. In addition, he was an Association director from 1947 to 1950, and in 1952 served on the Advisory Council.

Mr. Hartson has served also in many other industrial and professional organizations. He is a past president of the Pennsylvania Natural Gas Men's Association and is a member of the Engineer's Society of Western Pennsylvania, Pittsburgh Personnel Association, American Petroleum Institute, and the West Virginia Oil and Natural Gas Association.



D. P. Hartson

## Selzer and Miller promoted by Ohio Fuel Gas

**W**W. SELZER, formerly sales manager of The Ohio Fuel Gas Co., Columbus, has been advanced to the position of assistant business promotion manager with the Columbia Gas System Service Corp., New York. Mr. Selzer will serve the parent organization by coordinating all business promotion activities in the Columbia Gas System.

Paul Miller, formerly sales manager in the Zanesville district of Ohio Fuel Gas, succeeds Mr. Selzer in Columbus as dealer sales manager.

Mr. Selzer, who was educated at Baldwin Wallace College, Berea, Ohio, joined the company in 1934. Since then, he has been heating engineer, plant service foreman and

sales manager. He became business promotion manager in the Fremont district in July 1952 and dealer sales manager last October.

Mr. Miller was graduated in 1929 from Ohio University, and joined Ohio Fuel Gas in 1934 as a salesman. He later served as heating engineer, and manager of operations at Coshocton.



### Eben F. Putnam

president of The Greenwich Gas Co., Greenwich, Conn., died in the DC-6 airliner crash in the Gulf of Mexico, February 14. His wife, Frenelia Uhle Putnam, was also killed in the crash which took an estimated 46 lives.

Mr. Putnam was born in Danvers, Mass., in 1891. He was educated at the Staunton (Va.) Military Academy, Norwich University and Harvard.

Upon leaving college, he entered the commercial engineering department of the General Electric Co., Harrison, New Jersey. In 1913 he joined the business department of the United Electric Light and Water Co., Greenwich, predecessor to the present Connecticut Light and Power Company.

Subsequently, he served as assistant superintendent in Norwalk, Naugatuck and Seymour; as sales manager in Waterbury, and district manager in Greenwich.

In 1919, Mr. Putnam was promoted to district manager in charge of electric and gas operations in Norwalk, and in 1923, he was named district manager in New Britain.

In 1926, Mr. Putnam returned to Greenwich to become president of the Greenwich Water and Gas Co. which he and his brother

Frederic, organized. They acquired the franchise for gas in Greenwich and started laying mains which were the embryo of the town's gas main system as it exists today.

As president of the Greenwich Water Co., he directed the building of the company's filtration plant and supervised expansion of the water system. In 1936, he resigned as president of the Greenwich Water Company.

During the last 20 years, Mr. Putnam has had many other public utility connections. He has served as president of North Attleboro (Mass.) Gas Light Co.; Ware (Mass.) Gas Co.; Vermont Lighting Corp.; St. Johnsbury (Vt.) Gas Company. Also, he was at one time vice-president of Bristol (R. I.) County Water Co.; and the New Rochelle (N. Y.) Water Company, and for several years, he served as director of the Dedham, Hingham and Williamstown (Mass.) Water Companies.

Mr. Putnam was very active in community affairs in Greenwich and Fairfield County. He had served as a leader in the county planning association, the chamber of commerce, the historical society, the social service league, the community chest and the Greenwich center for child and family service. He was a trustee of Norwich University.

Mr. Putnam was a member of American Gas Association and of its Committee on Smaller Gas Company Problems; New England Gas Association, Connecticut Gas and Electric Association, Guild of Gas Managers, Society of Gas Lighting and the Connecticut Society of Civil Engineers.

Mr. and Mrs. Putnam are survived by their daughter, Muriel Adelaide Putnam Smith and

two grandchildren. Mr. Putnam is also survived by his mother, a sister and a brother, while Mrs. Putnam leaves a sister and a half-brother.

### Irving F. Wolfram

assistant to the executive vice-president, Alan Wood Steel Co., Conshohocken, Pa., died suddenly on February 1 at his home in Wayne.

Mr. Wolfram had been associated with the Alan Wood Steel Co. since 1919, and was formerly divisional superintendent of the coke and chemicals and blast furnace divisions.

He had been a member of American Coke & Chemicals Institute, American Gas Association and American Iron and Steel Institute.

### Thomas F. Smith

a retired vice-president of the Boston Consolidated Gas Co., died on February 3 after a long illness, in Milton, Massachusetts.

Mr. Smith came to Boston Consolidated Gas in 1919. From a clerk in the distribution department he became superintendent of the department, assistant vice-president and vice-president in 1942. He retired in 1949 because of ill health.

A member of the American and New England Gas Associations, he contributed much to the industry's distribution projects.

He is survived by his wife, Mrs. Anna Ryan Smith, and one daughter, Doris.



## DMV & C conference

(Continued from page 27)

Washington Gas Light Company. The session will be concluded with a report on the A21 American Standards on Cast Iron Pipe presented by E. G. Watkins, Consolidated Edison Co. of N. Y., Inc., followed by the movie, "The Manufacture of Cast Iron Pressure Pipe" which will be introduced by Thomas F. Wolfe, managing director, Cast Iron Pipe Research Association, Chicago.

The conference of the Motor Vehicles Committee on Thursday morning will

open with the paper "Driver Training in Long Island Lighting Company" by V. A. Howell of that firm, Mineola, New York. Mr. Howell's paper will be followed by a general discussion of driver training.

The afternoons will be occupied by a motor vehicles session starting at 2:00 p.m., Monday, April 13th, and dealing with "Chassis Selection for Use with Aerial Equipment," and by informal luncheon conferences. The schedule of these luncheon conferences is as follows:

Monday, April 13th—Customer Service; Distribution Design and Develop-

ment;

Tuesday, April 14th—Construction and Maintenance; Corrosion; Meters and Metering; Motor Vehicles;

Wednesday, April 15th—Corrosion; Customer Service; Distribution Design and Development; Motor Vehicles;

Thursday, April 16th—Construction and Maintenance; Meters and Metering; Plastic Piping.

On Thursday afternoon the Motor Vehicles Committee has scheduled an inspection trip to the out-door storage facilities of The Peoples Gas Light and Coke Company.

## Laboratories safety

(Continued from page 13)

to eliminate any adventuresome attitude on the part of the test engineer. Appliances are required to be shut down when making adjustments in hot compartments and in locations where a blower, pump or other rotating or moving part is in operation.

Proper use of hand tools is stressed, since their improper use can result in many scratches and bruises. Employees are also instructed that in attempting un-

familiar operations, such as in sheet metal work and using cutting torches, to learn first from their supervisor, the proper and safe manner of handling power tools, machinery and other unfamiliar equipment.

The Laboratories Safety Committee's activities have paid dividends through stimulation of the employees' interest in applying safe working procedures as indicated by the improvement in the safety record. The strongest factor, however, tending toward improvement or even

maintaining any safety record is the exercise of personal care by each employee in the pursuit of his daily work. The Safety Committee continually encourages the proper safety attitude through regular staff safety meetings. It sells to the Laboratories employee the idea of safety and how the employee will benefit. Beyond this it tries to eliminate the possibility of increased or more severe accidents through consideration of the safety aspects of the Laboratories facilities and equipment.

## Dealers program

(Continued from page 20)

values of the automatic gas clothes dryer to the young homemaker with several small children; to the homemaker whose family was growing up and who had returned to work; and to the older homemaker whose family was grown and gone. With the older homemaker we stressed the importance of the dryer to a person who might have a health handicap. Too often our thinking is too narrow as to who needs a dryer.

The skit dramatized a second call on each of these homemakers, for the purpose of ascertaining ways they were finding the dryer helpful. The "initial call" was assumed to have been made immediately after the installations of the dryer. Each homemaker had some question about drying some particular article such as pillows, corduroys or blankets which helped prove to the dealer that the home service call could help to create a satisfied customer. One of the "homemakers" even gave the representative a sales prospect and it was interesting to have the dealers ask us afterward

what became of such leads given! [A copy of the skit was enclosed with the Workshop papers.]

Following the skit, the appliance supervisor used charts to compare the costs of operation of gas and electric dryers at the local rates. The gas automatic clothes dryer won. Sales features of the dryer itself were discussed by the supervisor.

While it is not possible to credit one single factor, activity or advertising campaign which produced sales, it is pertinent to note that during the last three months of 1952, Grand Rapids area dealers reported sales of 368 automatic gas dryers, compared to 213 in the same period of 1951, and 259 in the immediately preceding three months of 1952. We believe the skit helped them to do a better selling job. We know that many more installation cards—at the rate of 25 a week—were sent to us for making home calls.

Shorthanded in the face of this deluge of installation reports, we sent letters to all of the names sent to us by the dealers, explaining our situation and inviting them to a demonstration and coffee party.

While only 10 to 15 percent of those invited showed up, we felt that the response of those attending made the demonstration worthwhile.

During the demonstration we showed the drying of a load of family wash, as well as of specialties such as pillows and blankets. The subsequent question, answer and discussion period proved most valuable; the women liked this mutual exchange of information and felt it was more beneficial than having the home service girl visit them.

We continued the program for a couple of months with an evening meeting scheduled alternate times. Postal cards were sent to those not attending when the next one was imminent. We are continuing these home call demonstrations monthly although we have resumed home calls on dryers. We leave a card giving the date of the next demonstration if no one is home. Sometimes a friend interested in purchasing a dryer is brought along. Even if only twelve to fifteen attend, we consider a home service girl's time well spent because she could not make that many home calls a day.

## Home service workshop

(Continued from page 5)

ice material collected and mounted by the home service directors Kathryn Barnes of the Equitable Gas Co., Flora Dowler of The Manufacturers Light & Heat Co., and Ruth Severson of The Peoples Natural Gas Co., all Pittsburgh.

Additional demonstrations through the day were those presented by B. Lawson Miller of Servel, Inc., describing "Extra Dividends From A Servel Refrigerator-Home Freezer" and a typical "CP" demonstration for dealer salesmen given by Mrs. Christabel Grauer of the Southern California Gas Co., Hollywood, California.

"Sell Gas Range Features" was a presentation worthy of a convention General Sessions, in which 12 of the very latest modern gas ranges were displayed and features presented by M. H. North, advertising and sales promotion director, Oklahoma Natural Gas Company. Assisting were four members of the home service department: Mrs. Marilyn Lucas, Mrs. Ruby Skinner, Peggy King and Laverna Best. Each of the Blue Flame girls wore bracelets of bells and focused attention on the features as they were being described by Mr. North.

Discussion groups continue to be a popular and informational feature of the Workshop training course. Improvement each year in meaning most to all registrants was emphasized this year with an outline of operation and reporting which was followed by each discussion leader and recorder. Coordinating the discussion groups was Mrs. Ellen Bridges of The Gas Service Co. at Pittsburg, Kansas. The discussion leaders and recorders for the six groups were: Sue Herndon, Arkansas Louisiana Gas Co.; Mrs. Mary Louise Bohn, Laclede Gas Co.; Kathryn Heffernen, Wisconsin Public Service Corp.; Mrs. Eleanor Wiese, Public Service Electric and Gas Co.; Irene Muntz, Rochester Gas & Electric Corp.; Mrs. Helen Nichols, West Texas Gas Co.; Wanda Ewing, United Fuel Gas Co.; Elizabeth Lynahan, The Peoples Gas Light and Coke Co.; Mrs. Mary Hall, Elizabethtown Consolidated Gas Co.; Gertrude Berg, Milwaukee Gas Light Co.; Mrs. Laura Piepgras, Central Electric & Gas Co.; and Merrell Midyett, United Gas Corporation.

A symposium of special home service activities under way was based on special programs found successful in seven utility companies. All of them were reported in such a way as to give possible ideas to other companies through the Workshop program.

Mary Huck of The Ohio Fuel Gas Co. presented "A Package of Dryer Ideas," a year's promotions through cooking schools, small group demonstrations, company employee groups, demonstrations in schools and during teacher dinners. For training, a laundry refresher course was given to all home service personnel with the opportunity given to study drying procedures following home practices and meeting customer questions relating to effects of hard water on clothes and types of detergents. To promote the dryer in the large cooking schools sponsored by this company, the promotion director appears on the stage with a clothes line and some damp clothes, thus giving the lecturer opportunity to explain the use of the gas clothes dryer. The clothes line is then made into a string trellis for vines growing on the stage kitchen. Miss Huck described

details of some of the skits used for smaller group promotions and in conclusion mentioned a clothes drying clinic presented by Dr. Elaine Weaver of Ohio State University in which comparisons were made of differences in line-dried and dryer-dried clothes.

"Career Counselling in Home Economics" was the subject of a report by Mrs. Sallie Dannenberg of the Pueblo (Colorado) Gas & Fuel Co. in which paper models were presented to show the various careers open to students in home economics. Flora Dowler of The Manufacturers Light & Heat Co., Pittsburgh, used the new Visual Cast projector. This is an easily portable projector, in which slides can be marked by the demonstrator for emphasis while the picture is on the screen. To illustrate the use of this machine, Miss Dowler showed a series of slides used in the state schools on "Safety Habits in the Kitchen."

Four of the symposium discussions dealt specifically with activities in which the home service program has been directed to dealer assistance work. In "Breakfast For Dealers," Mrs. Helen Mandigo of The Gas Service Co. in Kansas City described the manner of interesting dealers in bringing their salesmen to an eight o'clock breakfast, followed by a half-hour quickie demonstration of equipment, breakfasters learning of home service cooperation and what will be done on dealer home calls.

Katherine Rathbone, Southern Counties Gas Co. described the Hollywood approach used in the cooking schools sponsored by the Southern California companies. She emphasized that the amount of work and the great expense of such schools are useless unless they create present desire and future demand for modern gas equipment. In "Dramatize—Then Capitalize," Miss Rathbone listed the use of the multiple-stub-ticket to be eligible for extra dealer prizes, the spectacular shadow box of a trio of 8 inch  $\times$  10 inch transparencies in technicolor appearing in theater lobbies and the adaptation of movieland technique in creating names for the home economists in the show. She concluded with the spectacular stunts to show the features of equipment in the demonstration.

"A Three-Way Profit" was the description by Mildred Endner of the Minneapolis Gas Co. in large cooking schools which were jointly sponsored by dealers, churches and the gas company. Being requested to describe the details of operation for use by other companies, Miss Endner listed the basic duties for each of the cooperating sponsors. In evaluation, she pointed up the church-dealer shows as good entertainment, a financial profit for the cooperating churches, an excellent attendance to hear the gas story, and the delight of dealers in noticing increased floor traffic with resulting sales.

The Cincinnati Gas & Electric Co. is well-known for its super sales floor promotions. Lolita Harper of that company described promotion entitled "Washable Fashions" and an "Election Day Party." Cooperating with local dealers, style shows featured the washability of new fabrics. One show created particular interest when one of the fashion models swam around in a small glass-walled swimming tank, placed in the front window, as additional proof that the garments were washable. The dryer was put in operation immediately after her performance. In the Election Day Party, Miss Huck described the cake decorating contest to put over the idea. A giant three-layer cake, topped with an animated gas flame and surrounded by all makes and models of automatic gas ranges, occupied the center of the first floor. Women were invited to

decorate a cake to express their thoughts about Election Day and the importance of voting. The home service director, using the name and holiday, prepared the cakes to the contestants' specifications and the contestants did the decoration before the crowd assembled.

Supplementing the discussions, demonstrations and symposium reports were a series of talks given on the program. Ruth Soule of The Brooklyn Union Gas Co. discussed the popular bake-off project carried on through a two-months' period with the subject "Bake-A-Cake or Pie Contest." "Films and TV Shorts" were presented in capsule slide form by H. Vinton Potter, American Gas Association.

Three dryer promotions were described: "The Dryer Party" by Mrs. Elyse Van Dyke, Alabama Gas Corp.; "The Future of Clothes Dryer Sales is Today" by Don H. Davidson, sales promotion manager, Dryer Division, Whirlpool Corp.; and "Dealer Classes on the Dryer" by Eleanor Morrison, Michigan Consolidated Gas Company.

The versatility of a Home Service Workshop program was evidenced in the concluding presentation in which Connie Baughman, fashion coordinator, A. Harris and Co., Dallas, presented with models the story of "Business and Fashions," tying together Dallas' two big industries, fashions and gas. Miss Baughman said that "Women in business should look like their job. If you are to be competent, look like it. Be a good representative for your firm."

Social hours, an important part of the operation of the Workshop, were provided by appliance manufacturers. The committee consisted of Wayne H. Bovee, Hardwick Stove Co., Chairman, J. J. Marcus, Jr., Cribben & Sexton Co., C. C. Eaton, Geo. D. Roper Corp., Clint Holt, Magic Chef, Inc.; and Don M. Mayne, Servel, Inc. This general group was host at the social hour and buffet supper on Monday evening, and Servel, Inc. was the host on the second evening.

Members of the Program Committee who presided at the Workshop programs were: Mildred R. Clark, Oklahoma Natural Gas Co.; Flora G. Dowler, The Manufacturers Light & Heat Co.; Vivian L. Marshall, New Orleans Public Service Inc.; Eleanor Morrison, Michigan Consolidated Gas Co.; Julia Hunter, Lone Star Gas Co.; and Jessie McQueen, American Gas Association.

The Home Service Workshop had been announced as a "Texas Brag" by Julia Hunter as she addressed the Home Service Breakfast at the A. G. A. Annual Convention in October. The Lone Star Gas Co., through its cooperation in the setting for the Tuesday program, provided facilities which really could be worthy of a Texas Brag. Special display backgrounds for the demonstrations, and a continuous changing of scenes as various presentations were readied, were arranged through the cooperation of the advertising and display department of that company under the direction of L. C. Roberts, advertising director.

## Preventive ounce

(Continued from page 8)

these appliances, he reports the condition at once to the company's service department, which will further investigate to determine the cause and make corrections if possible. In many cases a closed damper is found to be the cause of fumes. This condition is explained to the customer and he is advised to have the damper removed and then to install an approved A. G. A.-listed draft hood. In order to make sure the customer purchases a good draft hood from his plumber or corner hardware store, the inspector presents the customer with a picture showing a typical A. G. A.-listed draft hood.

In addition to making a thorough inspection of the flue gas vent connections he makes sure that the appliance is properly connected to the gas line with approved connections and shut-off valves. At this point of the inspection he is usually able to give the customer an opportunity to indicate if the appliance is not performing satisfactorily. If such a condition is indicated the inspector reports the complaint to the service department for further investigation.

If he finds any unsafe installations which are very definitely hazardous, necessary steps may be taken to disconnect the appliance after having first obtained the permission of the customer. If the

customer is not willing to allow this to be done in order to give gas service to the other appliances, it might be necessary to shut off the gas at the meter until the faulty condition is corrected. However, in most cases the inspector is able to sell the customer on the reasons for disconnecting the appliance until corrections are made, rather than to shut off the gas at the meter. It is true that many customers at first object to such an action, but they soon become convinced that such action is for their own protection and they are grateful for having been advised.

While most of the emphasis is usually placed on a thorough inspection of the appliances in the basement or the utility room, such as the gas furnace, boiler, and water heater, other appliances, such as the gas range, Servel refrigerator or other appliances in the living quarters are inspected.

As the inspector leaves the customer's premises he makes a visual inspection of the ground over the path of the service line from the street to the building. This visual inspection calls for merely looking for any indication of possible gas leakage, such as dead grass or dead trees along this path. He is also looking for any service lines which might be exposed in the yard or street. When he reaches the street he next inspects the curb box over the street shut-off valve and reports any that are too high and which

might be a potential hazard for someone to fall over. He reports curb box covers which are missing or which are set too low below grade.

While he moves from one address to the next he makes an inspection of the ground along the path of the gas main in the street. Here again this is merely a visual inspection for any indication of gas leakage as shown by dead grass and dead trees or bubbling water in the ground.

This inspection procedure may seem rather lengthy but it is set up so that a well trained inspector moves along from one point to the next in a very systematic manner and does not have to backtrack from one location to another. Sometimes he may be delayed for a considerable length of time in talking with the consumers about the utilization of gas, but such time is well spent if it helps the customer obtain greater satisfaction from the use of gas in the gas appliances.

Irregular conditions and unsafe conditions found by our inspectors are handled in various ways depending upon the nature of the condition. Many irregularities discovered are the company's responsibility for correction. These are reported to its service department through regular channels and are taken care of as soon as possible. Many other conditions are beyond the company's service policy to correct. In these cases the customer is advised what was found and what should



be done to correct the trouble. The inspector will then call back at a later date to see what progress has been made in making these changes.

Emphasis is given to correction of poor venting conditions on gas appliances. If the condition is very bad the appliance must be disconnected from the gas line, but on those which are not immediately serious the customer is given a reasonable length of time to make the correction before a reinspection. In a very few cases where extreme difficulty is experienced in getting the customer's cooperation in correcting such bad conditions, the city fire prevention or inspection department is called in. While this action is not usually necessary, the cities in the company's area have cooperated very well in helping to correct unsafe conditions which might exist on the customer's premises.

Such an inspection program does cost money, but the cost is not excessive for the gains accomplished. In The East Ohio Gas Co. system, consisting of 650,000 meters, the cost for this inspection program will run between \$70,000.00 and \$75,000.00 per year. However, because the regular monthly meter reading is being accomplished at the same time the inspection is being made, 25 percent of this cost is charged to regular meter reading which would be necessary even though the inspection was not being made. In the Cleveland district the total cost per inspection call is about 23¢ and each inspector over a period of a year averages very close to eight calls per hour.

The meter reader inspection program

is not the only periodic inspection made regarding safety. The utility's staff is continuously inspecting all of its city high pressure and city low pressure mains as well as the shut-off boxes on all low pressure service lines. This inspection varies from a monthly check to bi-annual checks, depending on the area in which the gas mains are located. This work is being performed by gas detection crews of three men each working on a continuous schedule. Another safety inspection program is the one dealing with public building tests. Briefly, this program consists of a visual inspection and an air test of both the service line and house line at least once each five years for all schools, churches and other public gathering places. The third phase of the periodic inspection program is the meter reader inspection plan.

While it is very difficult to directly measure the results of any such operation as the meter reader inspection plan, because so many of the gains are intangible, some very direct benefits can be shown. In the Cleveland division during the year 1949, out of 186,000 meters inspected, which is approximately half of the total installed in the Greater Cleveland area, a total of 33,500 conditions were reported by the inspectors. After one complete round on the two year basis we found in the year 1951 out of 211,000 meters inspected only 21,000 irregularities reported by the inspectors. This indicates that while the number of installed meters had greatly increased on the Greater Cleveland system, the con-

dition of the gas system has apparently been improved, as indicated by the greatly reduced number of conditions reported by the inspectors.

In the year 1949 in the same Cleveland Division a total of 8,221 faulty flue conditions were reported by company inspectors. In the same district when the last inspection was made in 1951 only 4,074 faulty flue conditions were reported. This gain directly reflects the value of such an inspection and while we will never be able to correct every irregular condition on gas appliances, such an improvement as shown here is well worthwhile.

A study of further reports made by company inspectors indicate a similar improvement as to the condition of our meters, meter manifolds and condition of the house lines. While there are still service calls, many more serious service calls have been prevented by such an inspection detecting faulty conditions before they become more hazardous. By taking such preventive action, The East Ohio Gas Co. has gained considerably in establishing better public relations, and has also gained selfishly by reducing the number of potential and costly service calls. It is quite possible, some might say, there are being uncovered many conditions which the company might not otherwise have to handle; but it is The East Ohio Gas Company's belief that such irregularities are better faced now than to allow the situation to eventually get out of control with a possible loss of public confidence in the use of gas.

## Tax treatment

(Continued from page 17)

operating earnings. The court also stated that the regulations of the Treasury Department have consistently been to the effect that expenses incident to the sale of the capital stock of a corporation are not "ordinary and necessary expenses incurred in carrying on the business" of such corporation, and that congress implied approval of such regulations by re-enactment of the law in unchanged form.

In a later case,—Commercial Investment Trust Corp.,<sup>14</sup> the taxpayer contended that expenses incurred in selling preferred stock should be allowed over 33 1/3 years, during which period the stock would be redeemed. The board held against the taxpayer, stating:

"... An item that is not essentially

an ordinary and necessary expense cannot be placed in that category by spreading it rather than by taking it in full in the year paid or incurred. While costs of issuing stock are spoken of as capital expenditures, they may not result in the acquisition of a wasting capital asset as, for instance, a leasehold for a definite term. The fact that the stockholders hope to get their investment back within a certain period does not convert the cash paid in into an exhaustible asset. We accordingly hold that costs incurred in connection with the preferred stock issues may not be deducted under either the expense or exhaustion provisions of the statute."

In another case<sup>15</sup> the taxpayer claimed the right to amortize commissions paid upon issuance of capital stock over the life of the corporation's charter, under

the provision of the law allowing depreciation on property on the basis that the right to use the money thus acquired was a property right which is exhausted ratably with the passage of time and, consequently, an aliquot part of the expenditure made in acquiring it should be allowed as a deduction by way of exhaustion for each year during that period. This contention was denied by the Tenth Circuit Court of Appeals and the Supreme Court denied certiorari.

Legal and accounting fees, printing and registration fees in connection with registering new stock with the Securities and Exchange Commission have been held to be nondeductible.<sup>16</sup> Attorneys' fees paid to obtain authority to increase capital stock have likewise been held nondeductible.<sup>17</sup> Expense of printing stock certificates, subscription warrants,

letters to stockholders, and expense of listing shares on New York Stock Exchange have been held to be nondeductible.<sup>18</sup>

In still another case<sup>19</sup> the taxpayer, upon dissolution of the corporation, claimed a loss on account of amounts paid for commissions, salaries, advertising, rent, stationery and other expenses incurred in a prior year in connection with the issuance of capital stock, on the basis that they constituted organization expenses. This contention was denied by the Board of Tax Appeals.

Thus, about every conceivable method has been tried to secure tax deduction for commissions and expenses incurred in connection with the issuance of capital stock and all have met the same fate—denial of the deduction. Consequently, the only expenses which are deductible are state and local taxes which are deductible as taxes in the year paid, and not as ordinary and necessary business expenses.

In IT 2582 (X-2 CB 177) issued in 1938, the bureau drew a distinction between a stock exchange listing fee and fees paid to a stock registrar and transfer agent. The bureau held that such listing fee is paid only once usually at the time of organization or reorganization, and it is therefore nondeductible. The fees paid to a registrar and transfer agent were held to be ordinary and necessary business expenses because they were considered annual recurring charges required to maintain an up-to-date record of stockholders, which is necessary in order to carry on the business for which the corporation was formed.

In new financing, the cost of printing both temporary preferred stock certificates and the permanent certificates issued to replace them are considered to be capital expenditures, and therefore not deductible. This requires a proration of cost in instances where permanent certificates are printed both for issuance to the holders of temporary certificates, and also as a supply for future transfers. Due to the manner in which the temporary certificates are issued to underwriters and sold by them to the public, it is extremely difficult to separate original issues from transfers.

In the case of debenture bonds convertible into capital stock, any discount or expense incurred upon the issuance of the bonds is deductible ratably over a period starting with the date of issuance and ending with the designated

maturity date of the bonds. Any unamortized balance remaining at the time of conversion is treated as a capital cost in connection with the issuance of the stock and is therefore nondeductible.<sup>20</sup> Similarly, any unamortized balance of premium received on an issuance of the debentures would be considered as being in the nature of additional proceeds from the issuance of the stock, and thus not subject to tax.<sup>21</sup>

In instances where the conversion privilege may be exercised at any time after a certain date so that conversions take place daily for a given period of time, it would appear that the amortization should be computed on a daily basis, but perhaps the government would accept a method less burdensome as long as it was reasonable.

While the courts have been consistent in denying deduction for expenses incurred in issuing capital stock, their reasoning has not been very consistent. For example, they state that bond discount and expense reduce the amount of capital realized and constitute a loss upon maturity of the bonds. This should apply equally where preferred stock has a definite life and a definite redemption price, or where the corporate charter is limited to a specific number of years. However, the courts have rejected all claims for deduction of capital stock expense on the basis that such expense merely constitutes a reduction in the amount of capital realized. This appears incongruous since in the case of the stock as well as the bonds, the loss will be realized upon repayment.

With the present state of regulation, expenses incurred in financing are heavy regardless of whether bonds or capital stock are issued. In fact, the same items of expense are incurred whether bonds or capital stock are issued; for example, Securities and Exchange Commission filing fees, state corporate filing fees, state regulatory body filing fees, federal, state and local stamp taxes, legal and accounting services, investment counsel fees, registrar fees, printing and engraving, advertising, special stockholders meetings, and title and lien search expenses are incurred, whether capital stock or bonds are issued.

Since financing is ordinary and necessary in connection with a growing concern, it should follow that the above type of expenses should be ordinary and necessary. However, the courts reject such theory. It may be that a good case

could be developed to seek legislation from congress permitting a deduction for such expenses. An indication of this is found in the *Holeproof Hosiery Co. case*,<sup>17</sup> involving the deductibility of attorneys' fees paid in order to obtain authority to increase the company's capital stock. The board denied the contention that such expenditure was an ordinary and necessary business expense, and pointed out that when a payment is made for something intangible with an indefinite life, the expenditure does not seem to classify either as an ordinary and necessary business expense, or as a payment made for the acquisition of assets which are exhausting. The Board stated:

"It may be that the scheme of the taxing statute fails to provide for their reflection in the computation of the petitioner's tax, but in any event they are not ordinary expenses in carrying on the business during the year 1921."

1. Regulation 111, Section 29.22(a)-17:
- "(1)(a) If bonds are issued by a corporation at their face value, the corporation realizes no gain or loss. . . .
- "(2)(a) If subsequent to February 28, 1913, bonds are issued by a corporation at a premium, the net amount of such premium is gain or income which should be prorated or amortized over the life of the bonds. . . .
- "(3)(a) If bonds are issued by a corporation at a discount, the net amount of such discount is deductible and should be prorated or amortized over the life of the bonds.
- "(4)(a) If bonds were issued by a corporation prior to March 1, 1913, at a premium, the net amount of such premium was gain or income for the year in which the bonds were issued and should not be prorated or amortized over the life of the bonds. . . .
2. Chicago and Northwestern Railroad Company 22 BTA 1407.
3. Old Colony Railroad Company 6 BTA 1025, decided April 25, 1927, affirmed by OCA-1, 26 Fed. 2d 408, appeal to Supreme Court dismissed 279 U.S. 876. Connecticut and Passumpsic Railroad Company 8 BTA 492; Boston and Maine Railroad Company 8 BTA 490; Fitchburg Railroad Company 8 BTA 495.
4. Old Colony Railroad Company, 50 Fed. 2nd 896, reversed U.S. Sup. Ct. 284 U.S. 552.
5. Chicago, Rock Island, and Pacific Railway 13 BTA 988, decided October 15, 1928.
6. Western Maryland Railway Company 33 Fed. 2nd 695, decided July 1, 1929.
7. Union Pacific Railroad Company 298 U.S. 323, decided December 31, 1934.
8. The Nashville, Chattanooga and Pacific Railway Company 24 BTA 856, decided November 23, 1931.
9. Section 23(c), Internal Revenue Code.
10. Emerson Electric Manufacturing Company 3 BTA 932, decided February 10, 1926; Carter Hotel Company 25 BTA 933, decided March 21, 1932.
11. McCoy-Garten Realty Company, 14 BTA 863, decided December 20, 1928.
12. 3 BTA 932, decided February 19, 1926.
13. 37 Fed. 2nd 798, 8 AFTR 10053, decided December 2, 1929, by Court of Appeals of District of Columbia; cert. denied 281 U.S. 742.
14. 23 BTA 143, decided May 23, 1933.
15. Barbour Coal Company 74 Fed. 2nd 163, decided December 31, 1934, OCA-10, cert. denied 295 U.S. 731.
16. New York Stocks Inc., T.C. Memo dated February 12, 1943, ITOM 500; IT 8026, XV-2, CG 83, 1926.
17. Holeproof Hosiery Company, 11 BTA 547, decided April 13, 1928.
18. The Baltimore and Ohio Railroad Company, 29 BTA 368, decided November 21, 1933, affirmed OCA-4, 78 Fed. 2nd 460.
19. James I. Van Keuren, 28 BTA 480 decided June 30, 1933.
20. Pierce Oil Corporation, 32 BTA 403, The Liquid Carbonic Corp., 34 BTA 1191.
21. Merten's Law of Federal Income Taxation, Vol. 2, Sec. 12-116.

## Materials

(Continued from page 24)

Machine & Foundry Co., New York City. For those who have no standards program or want to improve an existing one, answers will be provided for such questions as "What are the objectives of standards—and their relation to the basic purpose of business?" "What kind of standards are we talking about?" "What kind of organizations best serve to develop standards—as well as to regulate their use?" "How does a standards program begin and grow?" "What are the elements of a good standard?" and finally "How do we prescribe a dollar valuation to all this activity—and the standards produced?"

Now special assistant to the executive vice-president of his company and for twelve years director of purchases and

purchasing agent of Great Lakes Carbon Corp., Chicago, Mr. Page is thoroughly experienced in industrial purchasing, including the development and supervision of purchase specifications and standards—and other elements of material control. Holding membership in the National Association of Purchasing Agents he has been a member of its committee on standardization for district three, of the board of governors of the Chicago Association, and the Advisory Committee on purchasing for the State of Illinois.

The "Material Handling Slides" which will show complete operations of unusual material handling methods and equipment have been collected by Robert I. Highgate, storekeeper of the Memphis Light, Gas & Water Div., and his subcommittee. They will show unusual and unique ways to save time and effort. Many of these operations will be por-

trayed by a series of slides with each step pictured and then described.

For several years the session devoted to "Purchasing, Stores, and Related Accounting Problems" has been most interesting and educational. The Purchasing and Stores Committee unanimously decided to continue this panel. Carl H. zur Nieden, storekeeper, The Philadelphia Electric Co., will again be the moderator. Panel members assisting him are Frank H. Hughes, purchasing agent of the American Natural Gas Service Co., Detroit; C. O. Ellis, storekeeper, Michigan Consolidated Gas Co., Detroit, and O. G. Peterson, accountant, New York State Electric & Gas Corp., Ithaca, New York.

Those interested in the manufacture of large pipe and other products of A. O. Smith Corp. are invited to visit their Milwaukee plant.

## Matchless campaign

(Continued from page 6)

through dealers. During the campaign from 75 to 80 percent of the utility's own range sales were of the "Matchless" type and continued at better than a 65 percent rate after the campaign ended. The "Matchless" range sales represented over 30 percent of the total retail sales of gas ranges in Philadelphia during the campaign period. This is most significant, since only ranges in the \$225-and-up price bracket qualified for the "Matchless" label; and is indicative of the extent to which the quality level of gas ranges was raised, in what was heretofore a relatively low priced range market.

The promotion was most effective at the customer level as well. A survey by the PGW retail sales force in December,

1952, brought out the fact that over 50 percent of Philadelphia housewives were familiar with the "Matchless" symbol as representing a superior type gas range. In order to determine dealer acceptance and participation, a "Phantom Shopper" service was employed. In some 400 dealer calls, about two-thirds of the dealers did a good selling job on the "Matchless" range.

The Philadelphia Gas Works Division's point of view for some time has been that the fully automatic gas range should be the industry's promotional vehicle, but that multiple-point ignition ranges had definite operational and competitive handicaps that would prevent full advantage to be taken of such promotion. It was further believed that the use of electric ignition on gas ranges was too great a concession to an active

competitor, that it was a potential service liability and that from a cost standpoint, it brought the price of the fully automatic gas range too near, or above, the cost of a comparable electric range.

The flash-tube ignition range (also known as single-point ignition) provided all of the advantages of the electric ignition gas range, including cold oven and broiler, with none of the disadvantages associated with that form of ignition. As a result, the "Matchless" campaign was developed around the flash-tube ignition range and manufacturers were invited to participate in the campaigns with ranges of this type. It is the company's intention to continue this promotion in 1953, with the belief that the cumulative promotional effect will produce still greater results.

## Accounting

(Continued from page 24)

as the "General." You will remember this "Battle" started last spring in New York in a joint session of the Plant Accounting and Depreciation Accounting Committees.

If it's food for thought that you're looking for, you will want to hear "A Lawyer Looks at the Problem of Continuing Retroactive Adjustments of Depreciation" by R. A. Rosan, The Columbia Gas System, Inc., New York, an attorney with considerable experience with regulatory bodies.

"Depreciation in Relation to Changing Price Levels," a subject of current wide-spread interest by W. G. Pilgrim, The Peoples Gas Light and Coke Co., Chicago, will cover the initial approach and program to date of his recently formed subcommittee.

Does growth scare you? From an accounting and meter reading standpoint, have you a satisfactory solution? J. D. Green, Philadelphia Electric Co., and W. F. Rowe, Long Island Lighting Co., Mineola, N. Y. have enthusiastically gone into this problem to develop an easy and painless method.

Are you getting what you are paying for? Is it possible to set up job standards for clerical work? Carl A. Olsen, Duquesne Light and Power Co., Pittsburgh, will tell what his company has accomplished with job standards.

Machines have speeded up many of our jobs but meter reading remains almost entirely a wage cost operation. What can be done to improve the efficiency of this work? W. S. Ammann, The Toledo Edison Co., and W. R. Seidel, Rochester Gas & Electric Corp., think something can be done and are ready to tell you what.



Why not come to Chicago in April and hear what these fellows have to say? Remember, just one little tip will pay for your trip, not to mention the golden opportunity of exchanging ideas with utility men from all over the country.

What do you know about "Responsibility Accounting?" This subject will be discussed by Frank Lipsky, Milwaukee Gas Light Co., at the group meeting of the A. G. A.-EEI Internal Auditing Committees on Tuesday morning. At the same session F. P. Lynch, Consolidated Edison Co. of N. Y., Inc., will present "The Internal Auditing of a Stock Transfer Department." H. C. Davies, The Columbia Gas System Service Corp., New York under the title "Internal Auditing Highlights" will recount unusual internal auditing accomplishments during recent months from factual information collected from various utility companies.

At the Internal Auditing Committees' session on Tuesday afternoon, L. P. Hourihan, general auditor of the Ford Motor Co., and vice-president of the Detroit Chapter of The Institute of Internal Auditors, will speak on "Developing Criteria for an Effective Internal Audit." Mr. Hourihan's extensive experience and prominence as a speaker guarantees this to be a must.

What does management expect of its credit and collection department? The answer may be simple, but how close do we come in actual practice? At the collection luncheon on Tuesday, J. F. Rooney, Consolidated Edison Co. of N. Y., Inc., will present a composite view of top management opinion with special emphasis on the need for aggressive planning and operation to achieve a really effective over-all function.

When crime in a community is rampant, citizens clamor for, and usually receive, increased police protection. Invariably, more policemen result in less crime. Can our industry apply this same simple formula to combat the marked increase in the uncollectibles ratio, which we are now experiencing? We should determine the amount we can logically spend to keep at a minimum those "casualty" dollars represented in our uncollectibles. The project, "Should Collectors Be Added to Reduce Uncollectibles," will assist you in reaching sound conclusions.

Many subscribe to the theory that payment inducements are necessary to assure a prompt and even flow of revenue. Can we attribute some of our uncollectibles to the resentment which some customers may have toward this policy? "Justification for Forfeited Discounts, Reconnection Charges and Collection Charges," will point up current practices, trends and opinions of many gas and electric companies.

"For years, customer relations people have been seeking some kind of patent nostrum which will cure all public relations ailments in a few painless doses." J. H. Purdy, Consolidated Gas Electric Light & Power Co. of Baltimore, in his talk entitled "Company Conducted Opinion Surveys" doesn't claim to have any panaceas but he will offer you a method of diagnosis—and that is often the beginning of the cure.

The Customers' Accounting Committee, with its seven working groups, have been developing for months the projects ready for presentation at Chicago.

Do you have a filing problem? Who doesn't? J. O. Hill, New England Power Service Co., Boston and P. A. Leach, United Gas Corp., Houston, Texas, have studied the filing methods and equipment of many companies and are prepared to give you some helpful suggestions.

Wouldn't it be advantageous in making decisions to know who is using the equipment or methods you are considering? H. C. Bullion, The Detroit Edison Co., and G. A. Kunz, Consolidated Edison Co. of N. Y., Inc., have brought the directory of accounting methods and equipment up to date and will tell you all about it in Chicago.

You can't bill properly unless your meter readings are in good shape. J. C. Luchsinger, The Cincinnati Gas & Electric Co., and E. H. Martinson, Ebasco Services Inc., New York, have assembled reports from many companies on techniques of preparing meter readings for billing.

How many controls for accounts receivable are necessary? Are you over-controlled? Can some be eliminated without loss of accuracy? A. G. Newman, Wisconsin Electric Power Co., Milwaukee, and R. B. Herrold, Columbia Gas System Service Corp., Columbus, Ohio, will tell you what they found in trying to reduce the number required.



1953

## MARCH

- 2-6 • American Society for Testing Materials, Hotel Statler, Detroit, Mich.
- 16-20 • National Association of Corrosion Engineers, Hotel Sherman, Chicago, Ill.
- 26-27 • New England Gas Association, Hotel Statler, Boston, Mass.
- 26-27 • Oklahoma Utilities Association, Tulsa Hotel, Tulsa, Okla.
- 30-April 1 • Mid-West Gas Association, Broadmoor Hotel, Colorado Springs, Colorado

## APRIL

- 7-8 • A. G. A. Research and Utilization Conference, Hotel Statler, Cleveland, Ohio.
- 13-15 • A. G. A. Sales Conference on Industrial and Commercial Gas, Hotel Warwick, Philadelphia, Pa.
- 13-15 • A. G. A. Purchasing and Stores Conference, Schroeder Hotel, Milwaukee, Wis.
- 13-16 • A. G. A. Distribution, Motor Vehicles and Corrosion Conference, Hotel Sherman, Chicago, Ill.
- 16-18 • Florida-Georgia Gas Association, Hotel Biltmore, Palm Beach, Fla.
- 20-22 • National Conference of Electric and Gas Utility Accountants, Hotel Sherman, Chicago, Ill.
- 21-23 • Southwestern Gas Measurement Short Course, University of Oklahoma, Norman, Okla.
- 23-24 • Indiana Gas Association, Annual Convention, French Lick Springs Hotel, French Lick, Ind.
- 27-29 • Mid-West Regional Gas Sales Conference, Edgewater Beach Hotel, Chicago, Ill.
- 30-May 1 • A. G. A. Transmission and Storage Conference, Edgewater Beach Hotel, Chicago, Ill.

## MAY

- 4-5 • Eastern Natural Gas Regional Sales Conference, Hotel William Penn, Pittsburgh, Pa.
- 4-8 • A. G. A. Industrial Gas School, Sheraton Cadillac Hotel, Detroit, Mich.
- 11-13 • Southern Gas Association, Annual Convention, Jung Hotel, New Orleans, La.
- 11-15 • National Restaurant Association, Annual Convention & Exposition, Chicago, Ill.
- 11-15 • National Fire Protection Association, Annual Convention, Edgewater Beach Hotel, Chicago, Ill.
- 12-14 • Pennsylvania Gas Association Annual Convention
- 20-22 • GAMA Annual Meeting, The Greenbrier Hotel, White Sulphur Springs, W. Va.
- 25-27 • A. G. A. Production and Chemical Conference, Hotel New Yorker, New York City

## JUNE

- 14-18 • Canadian Gas Association, Windsor Hotel, Montreal, Canada.

# Personnel service

## SERVICES OFFERED

**Sales Manager**—22 years' experience with gas utilities in sales, installation, training, instruction and administration in manufactured, natural and LP properties. Thorough knowledge merchandising. Experienced in dealer-plumber relations. Desires opening where qualifications will be fully utilized. Excellent references. Answers in strict confidence. Married (46). 1721.

**Chief Accountant—Controller**—Twelve years of employment in utility field includes diversified experience as senior accountant with consulting firms and an operating company. Present employment for two years as chief accountant of medium sized natural gas company has included establishment of complete system of accounts from initial stages of organization as construction project to actual commencement of operations. This has included organizing the required accounting personnel, the design and completion of appropriate records, systems and methods, budgets, reports and statistics—all without outside professional assistance. College, business and legal background. Outstanding record, excellent references. Resume mailed on request. 1722.

**Development Engineer**—Twenty-eight years in appliance development field. Thorough knowledge of A.G.A. Laboratories procedure. Experience with gas, oil and electric ranges, room heaters, refrigeration and air conditioning. Familiar with clothes washers, dryers and control accessories. 1723.

**Sales Executive**—Broad, top-flight sales-merchandising experience selling industrial users, distributors, consumers—in the fuel, heating and air-conditioning fields. Skilled in training and directing salesmen—productively; proved results planning, directing, coordinating profit-producing sales, sales promotion and advertising programs. Creative, aggressive, keyed to the tempo of modern merchandising. 1724.

**Comptroller—Budget Director—Administrator**—Presently employed with 15 years of responsible experience in budget analysis and administrative methods, tax and governmental relations; office and hospital management. College education and graduate studies. 1725.

**Engineer**—Graduate M.E., married. Thoroughly experienced in all phases of gas distribution at all pressures. Natural, manufactured or mixed gas. Experience in design, operation and supervision of distribution facilities as meters, mains, holders, customer service, etc. Knowledge of industrial, commercial as well as domestic application of gas. Experienced in design and execution of conversion to natural gas in large and small properties. 1726.

**Gas Engineer**—Capable of assuming administrative responsibilities in construction and operation of gas utility. 17 years experience in production, transmission, and distribution (some storage) with large gas utility. 6 years experience with regulatory work-rates, rate of return, construction, etc. Experience in teaching and writing on engineering subjects. Permanently employed, inquiries confidential (46). 1727.

**Comptroller-Treasurer or Assistant**—Fifteen years' experience in accounting, financial, rate and economic areas of gas and electric utilities located in east and middle west. Presently Assistant to (Financial) Vice President, responsible systems and procedures. MBA Harvard Business plus AB, mathematics, statistics, finance, economics, and accounting. Locate anywhere U. S. Married, two sons (37). 1728.

**Consulting Service**—Available to gas companies who desire to improve safety experience and employee relations. Twenty years successful experience in gas safety work, member of American Society of Safety Engineers. Services available July 1, 1953; however, will discuss your problems prior to that date. 1729.

**Accountant**—Chief Accountant of large utility type organization located outside United States desires position in United States. Over twenty years accounting and statistical experience, including administration, budget preparation and control over expenses, analyses and revisions of accounts and reports. Graduate eastern college, married (45). 1730.

**Assistant to Gas Company Executive**—More than 30 years' experience in operation and construction work of the gas industry. Extensive administrative experience in district management, rate matters, materials procurement and stores management and systems. Broad contacts with industries serving the gas industry. Background in production, distribution, transmission and storage. 1731.

## POSITIONS OPEN

**Manager**—For combination utility-bottled gas operation. Good opportunity. Growing area with progressive company in Carolinas. 0678.

**Manager**—For natural gas company. City of approximately 15,000 in southern Ohio. Now serving 2000 customers with potential of 2000 additional. Must be thoroughly experienced in distribution engineering, sales of domestic and industrial appliances, office management, etc. A good all-around gas manager required. Good pay for right man with ability and willingness to work. College graduate preferred but not essential. Give age, past experience, salary expected, references. All replies held confidential. 0679.

**Home Economist**—Top flight home economist wanted by leading eastern natural gas company. Must have considerable demonstration experience. Desirable metropolitan area. Ultra-modern working conditions in new building. Opportunity open only to single girl. Salary open. 0680.

**Customer Service Engineer** wanted midwest territory in growing industrial city. Splendid opportunity for advancement. College graduate preferred and complete customer service experience required. Please give details of experience, education, personal information and salary required. Replies confidential. 0681.

**Mechanical Engineer**—Large manufacturing corporation has an opening in its Research Division for a graduate engineer with experience in the design and development of domestic laundry washers and dryers. Must be capable of heading department. Replies held in strictest confidence. 0682.

**Manager**—Manufactured Gas Utility. Administrative and sales directing abilities absolute requirements; technical background desirable. Permanent position and substantial opportunity for qualified person. Replies confidential. Submit resume of education, experience and salary requirements. 0683.

**Distribution Engineer**—for natural gas system in Midwest. Now serving 25,000 customers. Must be experienced in distribution engineering and operations. College graduate preferred but not essential. Give age, experience, references, salary expected. All replies held confidential. 0684.

**Young Engineer** with natural gas pipeline background interested in trade association work. Location—New York. 0685.

**Bookkeeper—Accountant** with gas utility experience. Good salary and opportunity for qualified person. Replies confidential. Reply giving age, experience, references. 0686.

**Superintendent** required by the Saskatchewan Power Corporation, a provincial Crown Corporation distributing electric power to over 600 centers in Saskatchewan, to assist in setting up a provincial gas utility. Experience in operation of collection, transmission and distribution essential. Salary: \$5,000-\$8,000 per year with excellent superannuation and other benefits. 0687.

**Vice President and General Manager**—To assume top management duties including administration, public relations and supervision of all phases of gas operations of an independent New England Gas Utility—15,000 meters—natural gas (formerly carburetted water gas). Should have considerable gas utility experience. Give complete details of personal data, training and experience. 0688.

## Operation sales

(Continued from page 11)

reprinting of key consumer advertisements for distribution by dealers and salesmen. Newspaper mats, in addition to direct mail pieces and envelope stuffers, will be furnished for gas company and dealer use.

"Operation Sales" is just one segment of the first coordinated campaign by the gas range industry that ties in with all gas promotions by individual companies as well as trade associations.

GAMA, for example, is following through in promoting the establish-

ment of gas appliance sales training courses in leading universities and colleges across the country. Range manufacturers, active in this project before, will now have even more of their own representatives, dealers and dealer-salesmen attending these courses.

A. G. A. will kick off in April a "Carnival of Gas Cooking." (A. G. A. MONTHLY, Feb. '53, pp. 32-33.) This will plug such themes as "Only Gas Gives You Smokeless Broiling, . . . Fresh Air Ovens, . . . Wide Variety of Top Burners, . . . So Much for So Little."

The A. G. A. promotion will be a per-

fect complement to the "Operation Sales" ads since these will show the dealer how he can demonstrate the very same features that will be spotlighted in the "Carnival of Gas Cooking."

The committee which fathered "Operation Sales" is made up of Mr. Trueblood, manager of advertising, Magic Chef, Inc. and chairman of GAMA's domestic range division; H. E. Jalass, of Cribben & Sexton Co.; R. G. Johnson, Florence Stove Co.; S. B. Rymer, Jr., Dixie Foundry, Inc.; E. Carl Sorby, Geo. D. Roper Corp.; George M. Wolfe, Sun Ray Stove Co.; and O. E. Loberg of Gurney Foundry Co., Ltd.

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Exec. Sec.—Tr.—Warner A. Higgins, Room 804, 6 Adelaide St. E., Toronto 1, Ontario.

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# American Gas Association

HEADQUARTERS, 420 LEXINGTON AVE., NEW YORK 17, N. Y.

A. G. A. LABORATORIES • 1032 East 62nd Street, Cleveland 3, Ohio • 1425 Grande Vista Avenue, Los Angeles, Calif.  
WASHINGTON OFFICE • Room 603, 1426 G St., N.W., Washington, D. C.

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